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Pacific Rim Shoots for Trade Area By Year 2020

Ambitious Plan Hailed As a Turning Point, But Problems Remain

By Michael Richardson
International Herald Tribune

JAKARTA — Asian and Pacific leaders agreed Tuesday to start immediate work on creating the world's largest area for free trade and investment, but many contentious problems will have to be overcome before the ambitious program takes effect "no later than the year 2020."

While the United States and other strong advocates of the liberalization plan hailed it as a historic turning point for the Asia-Pacific region, Malaysia announced

Main points of the agreement. Page 4.

a series of reservations, and China and Japan appeared wary of making new commitments to reduce tariff and nontariff barriers.

But President Suharto of Indonesia, who chaired the meeting in Bogor of leaders of the 18 members of APEC, the Asia-Pacific Economic Cooperation forum, said that he was "sure" the group could speed up its timetable.

In an eight-page "declaration of common resolve," the leaders said they were committed to "complete the achievement of our goal of free and open trade and investment" in the Asia-Pacific region no later than 2020.

They agreed that the pace of implementation would take into account the differing levels of economic development among APEC members, with the industrialized economies achieving the target by 2010 and developing economies by 2030.

APEC's diverse members include Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, South Korea, Taiwan, Thailand, and the United States.

They account for around half of world trade. See APEC, Page 4



Leaders found the Asia-Pacific summit conference tailor-made. From left: Prime Minister Jean Chrétien of Canada and Presidents Carlos Salinas de Gortari of Mexico, Eduardo Frei Ruiz-Tagle of Chile and Jiang Zemin of China.

Giant Step in March of Capitalism

By Paul Blustein
Washington Post Service

JAKARTA — Call it windy rhetoric, call it mere symbolism, but the pledge issued Tuesday for free trade in the Asia-Pacific region is a historic step in the worldwide advance of capitalism.

To grasp the overarching significance of the pledge, which was issued at a summit meeting of the 18-nation Asia-Pacific Economic Cooperation forum, it is not necessary to understand the economic fine points. The implications for increased trade and economic growth, though potentially huge, depend critically on decisions yet to be taken.

What is most important about the summit declaration is that it marks a milestone in the triumph of free markets that began to sweep the world during the

1980s. Such countries as China and Indonesia, which once stood in the forefront of the Third World's Nonaligned Movement and until recently carried much of its anti-capitalist baggage, are now committed to taking capitalism to

NEWS ANALYSIS

new heights by dismantling barriers to foreign goods and investment.

Completely free trade is such an extraordinarily ambitious goal, even though the deadline of 2020 seems far off, that it strains credibility — and reason — to question whether the countries involved can muster the political will to come even close to the target.

But an unmistakable signal was sent this week as President Suharto of Indo-

nesia, who still presides over the Nonaligned Movement, staked his prestige as summit host on getting his fellow forum members to make the free-trade pledge and cajoled reluctant members to join the consensus.

The fact that President Suharto, the leader of one of the world's largest developing countries, has taken the initiative is a sign of the fundamental transformations which are taking place in the world economy," Prime Minister Paul Keating of Australia said.

It would be wildly premature, though, to expect any immediate economic results from the "Bogor Declaration," named for the city where the leaders met in Indonesia's presidential palace.

The declaration does not legally bind

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Kohl's Slim Re-election Points Up Coalition Weakness

By Rick Atkinson
Washington Post Service

BERLIN — Helmut Kohl won formal re-election as chancellor by the skin of his teeth Tuesday in a parliamentary battle that underscored the weakness of Bonn's ruling coalition.

Mr. Kohl clenched his hands over his head like a victorious boxer after hearing that he had collected 338 votes, only one more than the absolute majority needed to secure a fourth term.

The chancellor's political handlers in the Bundestag, Germany's lower house, were so uncertain of victory in the secret ballot that two seriously ill deputies from Mr. Kohl's Christian Democratic Union were roused from their sick beds to cast votes.

Mr. Kohl's center-right alliance with the liberal Free Democrats won a narrow majority in last month's federal elections, snaring 341 of the Bundestag's 672 seats. It is uncertain who from the coalition broke ranks to oppose Mr. Kohl's candidacy within the sanctuary of the secret ballot, but the close tally was a reminder that every vote on a controversial issue over the next four years could be a potential coalition-breaker.

Party whips had ordered coalition depu-

ties to Bonn a day early to be certain of a 100 percent turnout.

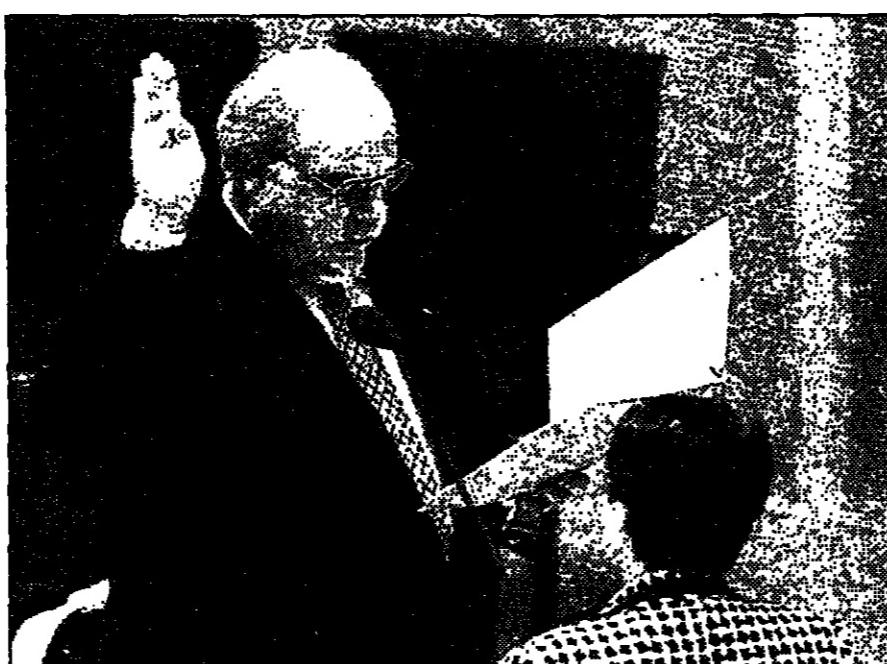
Despite showing uncharacteristic signs of anxiety as the votes were tallied, Mr. Kohl quickly regained his equanimity and, with studied insouciance, said, "It was the result I expected, more or less."

The opposition leader, Rudolf Schäppi of the Social Democrats, however, predicted that "making difficult political decisions with such a narrow majority will be like walking a tightrope."

Mr. Kohl's ultimate selection as chancellor was not in serious doubt since under parliamentary rules, an inability to secure an absolute majority within two ballots is followed by a third ballot for which a simple majority would suffice. Nevertheless, failure would have been humiliating for Mr. Kohl and further eroded his clout in a badly splintered Bundestag.

In postwar Germany, parliamentary votes for chancellor have often been extremely close. In 1949, for example, Konrad Adenauer was elected with the bare minimum needed for an absolute majority but then went on to serve for 14 years. Mr. Kohl, who first became chancellor in 1982,

See KOHL, Page 4



Helmut Kohl being sworn in Tuesday for a new term as chancellor of Germany.

Clinton to Sign Pact on European Peacekeeping Group

By Steven Greenhouse
New York Times Service

WASHINGTON — President Bill Clinton will join the leaders of Russia, Germany, France and Britain in Budapest next month to sign an agreement aimed at transforming the 53-nation Conference on Security and Cooperation in Europe into a stronger organization specializing in conflict resolution and peacekeeping, U.S. officials said Tuesday.

The administration is pushing to strengthen the largely powerless organization, which includes North Atlantic Treaty Organization members and the former Soviet bloc, with the aim of averting future conflicts in Europe and the former Soviet republics like the one in Bosnia, and taking some of the burden off the United Nations.

Under the agreement, to be signed in Budapest at the organization's summit on

Dec. 5 and 6, the Conference on Security and Cooperation would play a larger role in mediating conflicts, protecting embattled minorities and providing peacekeepers to end conflicts in places like Georgia and Nagorno-Karabakh, officials said.

Clinton administration officials insist that the plan to upgrade the organization will in no way diminish NATO's traditional role of providing a security umbrella for Western Europe.

From the administration's view, upgrad-

ing the organization's role should make it easier to someday expand NATO's membership eastward by signaling to former Soviet republics, especially powerful Russia, that the United States and Western Europe plan to include, rather than exclude, them from future European security arrangements.

In this way, strengthening the Conference on Security, in which the United States and Russia are the dominant powers, is aimed at reassuring President Boris

N. Yeltsin and Russian nationalists that the new security arrangements planned for Europe are not anti-Russian.

At a news conference Tuesday in Jakarta, Mr. Clinton explained his decision to support strengthening the Conference on Security and Cooperation, saying, "What I have sought to do is to create a stronger Europe that was more independent but also more closely allied with us, and one

See CSCE, Page 4

ing to your family will have trouble visiting the grave — it's all too painful."

Cremations have increased steadily in the past three years, largely because the costs are only half those of a burial, despite the Russian Orthodox Church's call for all faithful to be buried in the ground.

"This has become a nightmare for many pensioners," said Leonid Sidov, a sociologist at the Russian Center for Public Opinion Studies. "But in many ways the problem is a mirror of life in Russia today. The young accept the changes. They are flexible. But for the old people, many of whom served in World War II, to have no hope in death, to have no hope of a headstone, to know that you will lie so far from

buried in Moscow is practically impossible. You have to be in the mafia or a major politician for that."

Even Ritual, the municipal company, offers special services with "American hearses" and "European embalming techniques" for the wealthy. The prices start at \$1,500 — tombstone not included — and can run to many times that.

But for most people, the best they can hope for is that their survivors have enough money to bribe the undertakers, grave diggers and cemetery operators necessary to be buried only 50 or 60 kilome-

ters away.

See BURY, Page 7

Fed Shakes Markets With Big Rate Hike

Threat of Inflation Is Cited to Justify 3/4-Point Rise, Higher Than Expected

By Lawrence Malkin
International Herald Tribune

NEW YORK — Responding to fears of inflation in financial markets, the Federal Reserve Board raised short-term interest rates Tuesday by three-quarters of a percentage point and raised its discount rate by the same amount for good measure.

Most economists had predicted that the Federal Open Market Committee would move rates up by only half a percentage point, but the Fed said it had acted more forcefully because of the persistent strength of the U.S. economy and the high use of the country's industrial capacity. Its justification was that higher rates were necessary to keep inflation contained, and therefore foster sustainable economic growth."

The federal funds rate, which sets the wholesale cost of money for the country's banks, went to 5.5 percent from 4.75 percent. The discount rate, a largely symbolic measure of the cost of emergency loans by banks from the central bank, moved up to 4.75 percent.

But there was no hint as to whether this rate increase, the sixth this year, was the last of the current series, leading Wall Street analysts to suspect that the central bank might move again late in December or early in 1995 if the higher rates had still not started to check the rate of economic growth.

The Fed's long-awaited decision Tuesday spurred major money center banks to raise their prime rates to 8.50 percent from 7.75 percent, which will push up credit card charges and the cost of business and auto loans.

Wall Street reacted erratically. The Dow Jones industrial average finished down 3.37 points at 3,826.36, erasing a more than 20-point gain accomplished immediately after the Fed's move. Stocks initially followed Treasury bond prices higher, but then fell back on sentiment that fixed-income securities would draw funds away from equities.

The lure of higher rates also strengthened the dollar by more than a pfennig against the Deutsche mark and by nearly a half a yen. (Page 16)

The yield on the benchmark 30-year Treasury bond finished Tuesday at 8.04 percent, down from 8.07 percent Monday, narrowing the spread between the two-year Treasury note and the long bond to less than 1 percentage point for the first time since December 1990. The yield on the two-year note finished at 7.08 percent.

If this finally proves that long-term dollar investors may be growing more com-

Dow Jones	Trib Index
Down 3.37	Up 0.10%
3,826.36	114.48
The Dollar	
New York	Tues. close previous close
DM 1.5558 1.5446	
Pound 1.572 1.5685	
Yen 98.75 98.30	
FF 5.3425 5.3085	

fortable with their returns as well as with the Fed's aggressive policies, foreign money could flow back into New York, lifting the dollar, rallying bond prices and keeping a lid on long-term rates.

Evidence that economic growth continued to exceed the central bank's goal of an annual 2.5 percent came with the latest government statistics Tuesday. Higher retail sales in October showed continued growth in consumer spending, especially on expensive items like cars, whose purchase can be influenced by interest rates.

Factories also were operating at high levels of capacity, another traditional indicator of future inflation. That indicator, however, is increasingly questioned by union leaders and some corporate economists because American companies are able to tap factory capacity worldwide.

The Wall Street gurus who guide the

See FED, Page 4

Relaxed U.S. Policy Gives Weapon-Sellers a Break

By Ralph Vartabedian and John M. Broder
Los Angeles Times Service

WASHINGTON — In a victory for the U.S. defense industry, the Clinton administration is preparing to adopt policy guidelines that for the first time would factor the health of U.S. weapons makers and the shape of the domestic economy into decisions on whether to approve foreign arms sales.

Arms sales abroad require government approval, and historically those decisions have been judged by whether the sales enhance U.S. security, regional stability and international cooperation. But the new guidelines would require the government to consider also whether a deal helps support U.S. defense contractors and maintains high-paying American jobs.

As U.S. military spending continues its downward spiral, the Pentagon is unable to fully support its once massive industrial complex, and exports are being counted on for a quarter of American contractors' future revenue. Over the next two years, for example, about half of American jet fighter production will be exported.

A draft order is awaiting President Bill Clinton's signature, pending White House and cabinet-level decisions on several unresolved issues, including whether to approve a financing mechanism that would provide as much as \$1 billion for the industry to promote foreign weapons sales.

The Clinton cabinet must also decide whether the new policy would include language that advocates restraint in arms trading on certain types of weapons and to which nations the restraints would apply, a White House official said.

Some experts are troubled by the new policy, saying that making economics part of the arms sales equation will not only encourage additional U.S. exports but make it difficult for U.S. officials to ask other nations to restrain their own arms trading.

"This will be very lucrative for us," said Kenneth Waltman, a senior researcher at the RAND Corp. "By this policy, the U.S.

will also give a green light to other weapons sellers in the world."

But Joel Johnson, vice president for international affairs at the Aerospace Industries Association, a Washington trade group, defended the legitimacy of large U.S. arms exports. They have helped promote international stability in such areas as the Mideast, he said, and have cushioned the blow of declining defense spending on American companies.

"Nine years out of 10 we are the merchants of death and then the next year we are the arsenal of democracy," Mr. Johnson said. "I would feel more guilty selling sugar-coated breakfast cereal to kids than selling weapons to democratic nations."

The proposed guidelines follow a lengthy review of the issue that began in September. The policy, known as a presidential decision directive, has been delayed, but a White House official said Monday, "Hopefully, it will be soon."

The prospective policy would make explicit what has been an increasing trend of American officials — everybody from ambassadors to the president — promoting arms sales from the Middle East to Asia.

Although many experts predicted that arms sales would decline after the Cold War, U.S. sales have gone up sharply, because the world is less stable and Russian sales have dropped.

Kiosk

Militant's Grave Sacked in Israel

NESHER, Israel (AP) — The grave of Izzedine Qassam, role model for Muslim militant gunmen fighting Israel, was found desecrated Tuesday, and Jewish extremists claimed responsibility.

The police said the headstone of the grave was smashed and black graffiti on the cemetery walls read: "Death to the Arabs and followers of Izzedine al Qassam." Mr. Qassam is buried in a Muslim cemetery in the town of Nesher, just outside the northern port city of Haifa.

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WORLD BRIEFS

U.S.-North Korea Pact Annoys Russia

MOSCOW (Combined Dispatches) — Russia said Tuesday that it was unhappy about a nuclear treaty between the United States and North Korea because the deal infringes upon Moscow's commercial interests with its former Communist ally.

A Foreign Ministry spokesman, Grigori Karasin, said Russia had been counting on helping North Korea build a power station based on light-water nuclear reactors, which under the treaty are now to be supplied by the United States and Japan.

In North Korea, meanwhile, Pyongyang said the latest round of talks with U.S. delegates on dismantling its nuclear program had been "productive and beneficial." The talks, which started Monday, are expected to determine the disposition of 8,000 spent nuclear fuel rods. The primary aim is to keep North Korea from extracting material from the rods that could be used to make nuclear weapons.

(Reuters, AP)

Rabin Assails Arafat's Security Effort

GUSH KATIF, Gaza Strip (AP) — Prime Minister Yitzhak Rabin accused Yasser Arafat on Tuesday of not doing enough to prevent attacks on Israelis and warned that the Israel-PLO peace accord could collapse as a result.

During a tour of army posts guarding Jewish settlements in the PLO-ruled Gaza Strip, Mr. Rabin said 35 Israelis had been killed this year in three suicide attacks by Islamic militants. He said that while there was "no certain method to hemetically prevent terrorism," Israeli expected "a more serious effort than we have seen until now by the Palestinian authority."

Mr. Arafat countered in an interview that "violence has two sides" and noted that the latest suicide attack, which killed three Israeli soldiers, was in response to the car-bombing death of a leader of the Islamic Jihad movement that was widely blamed on Israel.

Prince Andrew Visiting Argentina

BUENOS AIRES (Reuters) — Prince Andrew of Britain arrived Tuesday in Argentina for a four-day visit billed as a major gesture of reconciliation between the two nations that went to war over the Falkland Islands in 1982.

President Carlos Saúl Menem said the visit by the prince, a Falklands War veteran, would have been "unthinkable a while ago" and stressed that Argentina would press its continuing claim to the Atlantic islands through peaceful means.

Earthquake in Philippines Kills 60

CALAPAN, Philippines (Reuters) — An earthquake and tidal waves ravaged the central Philippines island of Mindoro on Tuesday, killing more than 60 people, rescuers said.

More than 130 were injured when the quake struck at about 3 A.M., triggering panic, cutting off power and water supplies and splitting open the base of a mountain in the tourist resort of Puerto Galera. Many of the dead were children who drowned when their homes were hit by waves up to 15 meters (48 feet) high. The quake measured 7 on the Richter scale, according to government seismologists.

Russia Squeezes Ukraine on Treaty

MOSCOW (AFP) — Russia has stopped fuel deliveries to Ukraine's nuclear plants and will resume them only when Ukraine ratifies the Nuclear Nonproliferation Treaty, President Leonid Kuchma of Ukraine said Tuesday.

Mr. Kuchma, quoted by the Russian news agency Interfax, said Russia had told the Ukrainian state committee on nuclear energy of its move. Russia had been delivering fuel to the Ukrainian nuclear plants since Ukraine began transferring its nuclear warheads to Russia in accordance with treaty signed by Russia, Ukraine and the United States in January.

Ukrainian legislators are to debate Kiev's ratification of the treaty as a nonnuclear power Wednesday, just ahead of a visit to Washington by Mr. Kuchma next week. Russia, the United States and other Western nations have repeatedly pressed Kiev to ratify the treaty.

TRAVEL UPDATE

Paris to Open Orly to EU on Jan. 2

PARIS (Bloomberg) — France's transport minister said Tuesday that France would allow European Union airlines to begin using Orly Airport outside Paris beginning Jan. 2.

The official, Bernard Bosson, said he was still trying to reroute air traffic into Orly and Paris's main international airport, Charles de Gaulle, and that he could not respond to demands by airlines seeking landing rights before the arrangements were in place.

Lufthansa German Airlines, KLM Royal Dutch Airlines and Landa Air in Austria are all seeking rights to fly to Orly as soon as possible. In April, the European Commission ruled that France had to open access to Orly by Oct. 28. But Mr. Bosson maintained in late October that he could not grant further access until he had sorted out traffic between that airport, south of Paris, and Charles de Gaulle, northeast of the capital.

Air traffic controllers in Athens have called four-hour work stoppages on Sunday, Monday and Tuesday, threatening long delays in local and international flights. The controllers are seeking higher wages and pensions and the replacement of the airport's radar system, which they say is out of date.

Cathay Pacific Airways introduced dual-language audio — English and Chinese — for Chinese-language movies.

Thirteen more people have died of cholera in Albania, bringing the death toll to 30 since the outbreak began in September, health officials said.

The Dubai airline Emirates says it will begin nonstop service between Dubai and Ho Chi Minh City in June.

(Reuters)

Fatal Gaza Car Bombing Leaves Both Sides Guessing

By Barton Gellman
Washington Post Service

JERUSALEM — Hani Abed, a sometime professor and local leader of the radical Islamic Jihad, left his classroom in Khan Yunis in the Gaza Strip on Nov. 2 and approached his usual car at the usual time and place.

Moments later, a life lived in violence ended so. A powerful explosion tore apart the 35-year-old Palestinian, probably as he turned his key in the ignition. Encouraged by broad hints from Prime Minister Yitzhak Rabin, nearly everyone here who expressed a view supposed that the long arm of Israeli security had struck.

If so, it struck for the first time in territories that had been handed over to Palestinian self-rule. The echoes of the car bomb are still reverberating here, as Israelis and Palestinians try to puzzle out the significance of the act.

Why Islamic Jihad, when another fundamentalist group — the Islamic Resistance Movement, Hamas — claimed responsibility for the suicide attack in Tel Aviv in October? Why autonomous Gaza, when the occupied West Bank holds as many or more of the toughest enemies of Israel? Why a weapon of stealth, when Israel has struck so openly and often at those it considers its foes?

And did the bomb, as rumored, augur the start of a wider assassination campaign?

As both sides waited for the next move, a young disciple of Mr. Abed's made his own reply Friday afternoon. Fisham Ismail Hamad, 21, wrapped explosives around his chest and bicycled into a knot of Israeli soldiers, killing three of them and himself when he detonated the charge.

"There is no peace with the sons of monkeys and pigs, the enemies of peace, and no peace with Zionists who killed prophets," Mr. Hamad wrote in a final letter to family and friends. "We the sons of Islam must move to stop this cancerous disease called Israel because its destruction is a Koranic imperative."

If Israel was behind Mr. Abed's death, it was not quite so transparent about its reasons. Officially, the government did not confirm or deny involvement. But there were clues from Mr. Rabin and his aides.

"With one hand we are shaking



Schoolgirls marching in a parade at a Gaza City stadium on the sixth anniversary celebration of the Palestinians' declaration of independence.

ing the hand of peace with the Hashemite Kingdom of Jordan," Mr. Rabin said in a public appearance on the day Mr. Abed died, "and with the other hand we are pulling the trigger in order to harm the murderers of Hezbollah and the terrorists of Hamas and the Islamic Jihad."

"If we did it," an official said, "Arafat should be flattered Israel is respecting his boundaries and his authority. Israel is treating us responsible for the deaths of Israeli soldiers, the anonymous officials said, but as he died he was also plotting a new car bomb attack himself. His agent, one newspaper reported, had already stolen the vehicle that Mr. Abed planned to use.

Tellingly, according to Israeli journalists, the military censor warned them against flat statements that the government was behind the booby-trapping of Mr. Abed's car. Instead, the censor told them, they could write that Palestinians alleged as much.

That fig leaf of deniability, according to senior members of Israel's political establishment, could be read as a kind of compliment to Yasser Arafat, the man in charge of the limited self-rule areas of Gaza and Jericho.

"If we did it," an official said, "Arafat should be flattered Israel is respecting his boundaries and his authority. Israel is treating us responsible for the deaths of Israeli soldiers, the anonymous officials said, but as he died he was also plotting a new car bomb attack himself. His agent, one newspaper reported, had already stolen the vehicle that Mr. Abed planned to use.

Peculiar perhaps to an outsider's ear, that assertion holds a certain logic here. In the occupied territories, or Israel itself, assumed, as they were intended to, that Israel was behind the spate of killings. But Israel sought to avoid direct acknowledgment to avoid undue embarrassment to the host governments.

In Rome, Paris and Beirut the next year, the Mossad and the army sent hit teams to track and execute the Palestinians who had planned the Munich attack.

Everyone who mattered — the Israeli public and Palestinian leadership, among others — assumed, as they were intended to, that Israel was behind the spate of killings. But Israel sought to avoid direct acknowledgment to avoid undue embarrassment to the host governments.

The killing of Mr. Abed led directly to the worst humiliation of Mr. Arafat's short tenure in the self-rule territories. When he showed up for Mr. Arafat's funeral in Gaza City, an angry crowd drove him away, knocking the trademark checkered scarf from his head. They called him a collaborator and traitor.

Some commentators here say they believe that Mr. Rabin, as a keen student of power politics, intended the assassination, in part, as a warning to Mr. Arafat to crack down on the radicals — or Israel would.

Others, however, saw it more simply: that Mr. Rabin sought a revenge attack after the Tel Aviv bomb, but may not have been able to find the well-concealed cells of the Hamas military wing in the Occupied West Bank.

Leader Admits Austria's Holocaust Guilt

By Clyde Haberman
New York Times Service

JERUSALEM — President Thomas Klestil of Austria, going where none of his predecessors had ever gone, went before the Israeli Parliament on Tuesday to say that his country had often failed to face its past and

that it produced "many of the worst henchmen in the Nazi dictatorship."

Mr. Klestil's remarks fell short of an explicit Austrian apology for the Nazi Holocaust, which Israelis had been told to expect. But he told the lawmakers, "I bow my head with deep respect and profound emotion in front of the victims."

"No word of apology can ever expunge the agony of the Holocaust," he said.

His visit was the first by an Austrian head of state, made more poignant for Israelis by the fact that his immediate predecessor was Kurt Waldheim, the former United Nations secretary-general, who had hidden details of his service in Hitler's army during World War II.

During the Waldheim presidency, from 1986 to 1992, Israel refused to protest in protest to send an ambassador to Vienna, filling the post only after Mr. Klestil took office in June 1992. In an indirect reference to that icy period, Foreign Minister Shimon Peres said in Parliament that now "most of Austria — still

not all of it — is prepared to accept their part in the historic responsibility for the Nazi crimes."

"The former generation bears the guilt," Mr. Peres said. "The current generation bears the responsibility."

On this visit, Mr. Klestil visited the Yad Vashem Holocaust memorial and went out of his way to make gestures to his Israeli hosts. Unlike many recent foreign leaders, he made no journey to Orient House, the Palestinian political center in East Jerusalem, which is under attack from Israelis.

In his speech at a lightly attended session of Parliament, he made no direct reference to Mr. Waldheim. But he said that too often his country had cast itself not as a partner of Nazi Germany but as a victim itself because it was annexed by the Germans in 1938.

"No people should be blamed with collective guilt," Mr. Klestil said, speaking in English, "and no one knows that better than the Jewish people, who have suffered more

than any other from such sweeping allegations. Nevertheless, there remains a burdensome legacy arising out of our history that Austrians have to acknowledge."

"Today, the Austrians recognize that acknowledgment of the full truth was long overdue," he said. "We know full well that all too often we have only spoken of Austria as the first state to have lost its freedom and independence to National Socialism and far too seldom of the fact that many of the worst henchmen in the Nazi dictatorship were Austrians."

Unlikely Germany, Austria has never offered reparations for the tens of thousands of its people who were among the 6 million Jews killed by the Nazis. Mr. Peres raised the issue of payments. Mr. Klestil, making no commitment, said the matter would be studied.

"For far too long we have not done enough, and perhaps not always the right thing, to alleviate the plight of the survivors of the Jewish tragedy and the victims' descendants," he said.

Without U.S., NATO to Maintain Bosnia Sanctions

Compiled by Our Staff From Dispatches

BRUSSELS — NATO formally agreed Tuesday to continue an arms embargo on Bosnian Muslims without full U.S.

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participation and emphasized the need for alliance solidarity, tested by Washington's break with its European partners.

NATO's ambassadors approved an assessment from the organization's military committee that problems caused by the abrupt U.S. move were "unlikely to degrade the overall military effectiveness of the operation."

President Bill Clinton's decision not to implement the embargo against the Muslims, made under strong pressure from Congress, has dismayed the European allies concerned

about its wider political consequences.

NATO's secretary-general, Willy Claes, who is to fly to Washington on Wednesday for talks on the issue, has also received assurances from Mr. Clinton that U.S. commanders in NATO operations would continue to put NATO first.

But NATO sources said a U.S. decision not to share intelligence continued to irk several European nations, particularly those with UN peacekeeping troops in the area.

In Bosnia-Herzegovina on Tuesday, fighting raged for a

strategic plateau near the Croatian border, and shells fired by Bosnian Serbs rained down on another government-held city declared by the United Nations to be a "safe area."

In Sarajevo, snipers fired on a streetcar, prompting suspensions of service. The police kept all cars except bullet-proof vehicles, of the notorious "Sniper Alley."

Shelling and shooting gripped the Bihać pocket of northwest Bosnia. Fierce fighting between Bosnian Serbs and government forces was reported Tuesday around the Grabec plateau, strategic high ground northeast of Bihać.

Lieutenant Colonel Tim Spicer, a U.S. spokesman, said fighting was not spilling off the plateau into government-held territory that has been declared a safe area.

Bosnian radio, referring to "the fiercest offensive so far" against the Bihać pocket by "joint forces of Bosnian and Croat Serbs," said several civilians had been killed.

The radio said that two civilians were killed and three wounded in the Serb attack.

(Reuters, AP)

INDUCE
BETTER FOREIGN
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THE AMERICAS / ONE OF THE LARGEST DIVIDED VOICES

Senate Is No House: A Republican Style Primer

By Adam Clymer
New York Times Service

WASHINGTON — When they were in opposition, Senate and House Republicans sounded pretty much alike in their complaints. When they won the midterm elections last week, they sang from the same page, promising a diminished federal government.

But now that they taste power, their message is mixed.

From cooperation with President Bill Clinton to how hard to whack at welfare, there are at least two distinct Republican positions. But the key to understanding them, and how they will affect the work of the 104th Congress, is not to wave ideological litmus paper at them. It is instead to ask which end of the Capitol they come from.

House Republicans have a big, specific agenda: on tax cuts, on a constitutional amendment to require a balanced budget, on term limits, and on such internal questions as allowing more votes on amendments and cutting staff. Representative Newt Gingrich of Georgia, the probable speaker of the House, and Dick Armey of Texas, its likely majority leader, add new items every day.

But Senate Republicans are more cautious. "On the Senate side, the agenda's

going to be controlled by a consensus, by leadership working with committee chairmen," said Bob Dole of Kansas, the probable majority leader.

The differences are far less ideological than environmental, because the Senate is a place that promotes accommodation, and the House has been one that kills it. Even Senator Phil Gramm of

Or, as Richard F. Fenno, a professor at the University of Rochester, put it: "Every member of the Senate has an atomic bomb and can blow up the place. That leads to accommodation."

The atomic bomb he referred to is the ability of a small minority, even a single senator, to tie the place up for days or weeks with procedural devices. Even the 60 votes required to halt a filibuster are not enough just before a recess, because the rules still allow unlimited amendments to legislation.

Some part of the differences derives from two special sets of circumstances. Senators Dole, Gramm and Arlen Specter of Pennsylvania are all thinking of running for president in 1996. Most of the rest probably have some later date in mind. A presidential campaign requires careful navigation: close to the right bank during the primaries, closer to midstream in the general election. Preparing for such a race instills caution.

Still, this circumstance could have been found, to one degree or another, in the Democratic majorities of each chamber in recent years.

But something else is new: the fact of Republicans in power in the House after 40 years in the minority.

Ross K. Baker, a professor at Rutgers University, compared the Republicans

to "people who have been released from extended incarceration, coming out in the light and squinting, and feeling a sort of sense of vengeance toward their jailers."

The Republicans promise to be nicer to House Democrats than the Democrats were when allowing the minority only a tiny share of staff and few opportunities to offer amendments.

Mr. Armey was nearly eloquent Monday when he proclaimed "Armey's Axiom," which holds: "You cannot get ahead while you are getting even. It's a waste of time. It's a waste of other people's resources. It's not an honorable thing to do."

Still, Democrats are spoiling for a slight, and Mr. Gingrich's snappy letter to their defeated speaker, Thomas S. Foley of Washington, about not destroying documents was the first they felt.

No matter how much revenge is taken, the new majority in the House is sure to be legislatively energetic. After years in political wilderness, if not prison, it has ideas it wants to try.

And it has a singular sort of congressional leader in Mr. Gingrich, who went out and campaigned and organized and planned strategy for the party, so that the majority he leads owes him its power.

Away From Politics

• The tropical storm designated Gordon dumped up to 8.5 inches of rain on South Florida after lashing the Caribbean. In Haiti, the death toll from the storm rose to at least 350, according to reports of fatalities from flooding. A pregnant woman in Florida was killed in a three-car collision at a traffic light broken by the winds. The storm moved into the Gulf of Mexico, where its winds were expected to slow.

• Tall people have a better chance of surviving a heart attack than short people, researchers said at an American Heart Association conference in Dallas. Duke University scientists said they did not know exactly why height would influence heart attack survivability, but a cardiologist, Christopher Granger, said tall people may have arteries that are larger in diameter, allowing blood to flow more easily through them.

• As American youths get fatter, their cholesterol levels are rising ominously, threatening a surge of heart disease when they reach adulthood, research suggests. Dr. Hugh D. Allen of Columbus Children's Hospital in Ohio said: "There are 80 million children in the United States today, and 30 million of them will die of heart disease. It's not a small problem."

• O. J. Simpson's defense suffered a setback when the judge in his murder trial ruled that he would not throw out evidence seized from Mr. Simpson's Bronco. Mr. Simpson's attorneys contend that the evidence could have been contaminated when a worker allegedly went through the vehicle, which was seized after the slaying of Mr. Simpson's former wife, Nicole Brown Simpson, and her friend Ronald L. Goldman.

• Patches of ice shrouded in fog caused a 65-car pileup on Interstate 25 on the north side of Denver, killing one person and injuring 36 others. A police spokesman said: "Someone must have lost it initially. I'm sure the fog was a factor."

AP, Reuters



FLORIDA TRIAL — John Crumitie, 17, watching jury selection in his trial for the murder of a British tourist at a rest stop last year near Monticello, Florida. On Tuesday, the victim's girlfriend, wounded in the attack by four youths, recounted how gunmen had knocked on the window and opened fire when they tried to drive away.

Photo: AP-REUTERS

POLITICAL NOTES

A Victor, Finally, in Maryland

HYATTSVILLE, Maryland — Parris Glendening, a Democrat, won the race for Maryland governor on Tuesday by a mere 5,405 votes after all the overseas ballots were counted.

In a state where Democrats outnumber Republicans by 2 to 1, Mr. Glendening had proclaimed victory the day after the election, when he led by 6,187 votes.

Ellen Sauerbrey would not concede in her bid to become Maryland's first woman governor and its first Republican governor since Spiro Agnew was elected in 1966.

Absentee ballots from Marylanders who were overseas have until Friday to arrive at boards of elections. Gene Raynor, head of the state election board, said Tuesday that he did not expect there to be more than 500.

The final, unofficial tally gave Mr. Glendening 706,531 votes to 701,126 for Ms. Sauerbrey.

In Connecticut, Representative Sam Gejdenson apparently won a four-vote victory in the 2d Congressional District, the secretary of state's office announced Tuesday in certifying the results of a recount.

The seven-term congressman had 79,160 votes to Republican Edward W. Munster's 79,156 votes in results certified by Connecticut's secretary of state. The first count after last week's election had Mr. Gejdenson up by two votes.

Mr. Munster has promised to appeal — either through the courts or in the Republican-controlled Congress that takes over in early January.

Secretary of State Pauline Kezer declined to declare a winner. "I'm choosing my words carefully because it's a hot legal battle and I don't want to get in the middle of it," she said.

Meanwhile, Senator Dianne Feinstein's lead grew in her California race for re-election, but her Republican challenger, Michael Huffington, refused to concede. With more than 667,000 absentee ballots remaining to be processed, Mrs. Feinstein had 3,637,972 votes to Mr. Huffington's 3,510,652 — a lead of 127,320 votes. Mr. Huffington said he expected "a miracle."

Also still hanging are the governor's race in Alaska, and House contests in California, New York and Oregon. (AP)

Presidential Hopefuls Line Up

WASHINGTON — Senator Arlen Specter launched a possible presidential candidacy with a sharp blast at the "far-right fringe" and a call to moderates to help him take the Republican Party in a new direction.

Less than a week after the party's biggest victory in four decades, Mr. Specter, Republican of Pennsylvania, warned that the party faced a potentially disastrous defeat in 1996 unless the far-right forces symbolized by Patrick J. Buchanan and Pat Robertson are defeated.

Mr. Specter, 62, also said the party must

jettison its platform plank opposing abortion and truly become the "big tent" that Lee Atwater, a former party chairman, envisioned.

Mr. Specter said he did not oppose the role of most religious conservatives within the party, but he attacked the "zealotry of the far-right 5-percent fringe" and said they "do not stand for religious, 'Christian' or 'Judeo-Christian' values when they advocate intolerance and reject brotherhood and insist on either ruling or ruining." (WP)

Simon Won't Seek Re-election

WASHINGTON — Senator Paul Simon, the senior elected Democrat in Illinois and the leading vote-getter, has announced that he will not seek a third term in 1996, casting a shadow over the party's hopes of winning back control of the Senate in two years.

Coming less than a week after the Democrats lost nine seats and relinquished Senate control to the Republicans, the announcement by Mr. Simon, 65, was a further setback to the party because he won handily when he last ran and was considered one of the party's best prospects for re-election. (WP)

Any Frequent-Flyer Bonus?

JAKARTA — Mr. Clinton's Asian trade mission involves 20,500 miles of travel, but he will give new meaning to the term "jet-setter" if he keeps his engagements for December.

That schedule, administration officials say, calls for Mr. Clinton to fly to California on Dec. 3 for a Democratic Party fundraiser, back to Washington on Dec. 4 for a ceremonial event and on to Hungary that night.

Mr. Clinton plans attend a Budapest summit meeting of the Conference on Security and Cooperation in Europe on Dec. 5 and return to Washington in time for a Christmas party that night.

Tuesday and Wednesday, Dec. 6 and 7, are supposed to be normal work days for the president, but his planning schedule calls for him to leave Washington again Dec. 8 to attend a Dec. 9-11 summit meeting of Western Hemisphere leaders in Miami. A presidential visit to Haiti is scheduled for Dec. 12.

Mr. Clinton criticized George Bush in the 1992 presidential campaign for having spent too much time traveling abroad, but he will eclipse Mr. Bush's record of six foreign trips in one year — the most ever by a U.S. leader — if he goes to Hungary and Haiti next month. The separate trips would give him a total of seven. (Reuters)

Quote-Unquote

Representative Newt Gingrich, Republican of Georgia, speaker-presumptive of the House, saying he was aware of how often new members of Congress arrive in Washington calling for change and then let it slide: "This is a city which is like a sponge. It absorbs waves of change, and it slows them down, and it softens them, and then one morning they cease to exist." (NYT)

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Clinton Confronts Suharto Over East Timor

Compiled by Our Staff From Dispatches

JAKARTA — President Bill Clinton publicly pressed Indonesia on Tuesday to ease its grip on East Timor, injecting a contentious note into a trade-related visit and talks he will hold with his host, President Suharto.

At a wide-ranging news conference that followed an agreement at the Asia-Pacific Economic Cooperation summit meeting, Mr. Clinton also said the election upheaval in the United States last week would not cause him to shift his focus from domestic to foreign policy.

Mr. Clinton's comments on East Timor came as a group of 29 students from the former Portuguese colony embarrassed the Indonesian government during the summit meeting with a sit-in at the U.S. Embassy in Jakarta.

Asked if he believed Indonesian troops should withdraw and allow East Timor self-rule, Mr. Clinton reaffirmed Washington's position that "the people of East Timor should have more say over their own local affairs."

"I have already spoken with President Suharto about this in the past in our personal meetings, and it will come up again in our discussion tomorrow," he said.

APEC: Liberalization Plan Is Hailed as Turning Point

Continued from Page 1

production and 45 percent of global trade.

In an obvious message to Europe, the APEC leaders said that they were strongly opposed to building an inward-looking trading bloc.

Instead, they said their actions would be "a powerful impetus for further liberalization at the multilateral level to which we remain fully committed."

Prime Minister Paul Keating of Australia said that at current rates of growth APEC members will include seven of the world's most powerful economies by 2020 and account for 57 percent of global trade.

A study commissioned recently by the Australian government found that if free trade was applied by all APEC countries in 2010, it would generate additional economic activity worth more than \$365 billion a year with the benefits widely distributed throughout the region.

The liberalization measures agreed by the APEC leaders were "basically win-win arrangements," Mr. Keating said.

"And that is why I think the developing countries are bringing their tariffs down unilaterally, removing nontariff barriers and being involved in trade liberalization in general."

Although they agreed to the declaration, China and a number of other East Asian members of APEC with relatively high levels of protection are clearly wary of being forced into an early round of regional tariff cuts that could cause serious economic, social and political consequences arising from large-scale restructuring and job losses.

President Bill Clinton hailed the accord as "especially good news for the United States and our workers" because under the agreement individual APEC nations "will have to tear down trade barriers to reap trade benefits."

He said that the United States "already has the most open markets on Earth." By opening other markets, he said, "our products and services become more competitive, and more sales abroad create more high-wage jobs at home."

Referring to Japan, China and other East Asian members of APEC who accounted for nearly all of America's \$16 billion global trade deficit in 1993, Mr. Clinton said that "what we are doing in this agreement is opening the fastest-growing

market in the world" to American and other exports.

He said that even after the multilateral trade liberalization deal that was signed earlier this year under the Uruguay Round of the General Agreement on Tariffs and Trade, tariffs on American automobiles in Malaysia, Thailand, Indonesia and the Philippines would still be between 30 percent and 60 percent compared with the U.S. tariff on autos of 2.5 percent.

Entering his reservations, Prime Minister Mahathir bin Mohamad of Malaysia said that his country was worried it would not be in a position to compete with the big economies in APEC.

"We will make our best effort," he said. "We'll try, but if by the year 2020 we find ourselves unable to compete, I don't think anyone should force us to open up our country to an invasion by powerful companies from the developed countries."

President Jiang Zemin said that China endorsed regional trade and investment liberalization as a long-term objective.

The group stopped short of making any commitment to start a region-wide round of negotiations, which would have the effect of increasing levels of protection.

President Clinton made it clear that he had high expectations of Japan, which takes over as chairman of APEC from Indonesia for the next year and will be host to the next ministerial and leaders' meetings in Osaka in the fall of 1995.

"We'll meet again next year in Osaka," he said. "Meanwhile, we'll develop a detailed action agenda, a blueprint, for achieving our goal of free and fair trade, which I hope and believe will be approved when we meet in Osaka."

Prime Minister Tomiichi Murayama of Japan said that as chairman of APEC Japan would "take a positive approach in the creation of an action agenda."

(Reuters, AFP)

Highlights of APEC Agreement

Main points of the agreement by leaders of the 18-member Asia-Pacific Economic Cooperation forum:

- Achieve free and open trade and investment in the Asia-Pacific region by 2020, with industrialized economies reaching the goal by 2010.
- Strengthen the open, multilateral trading system
- Intensify development cooperation in the Asia-Pacific region.
- Carry out commitments under the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) fully and without delay.
- Expand and accelerate trade and investment programs.

The Bogor Declaration

Summary of the Declaration of Common Resolve:

- APEC will promote economic cooperation on the basis of "equal partnership, shared responsibility, mutual respect, common interest and common benefit."
- APEC leaders undertake to carry out the Uruguay Round commitments "fully and without delay" and urge others to do the same. APEC will also "accelerate" commitments under the Uruguay Round and "refrain from using measures which would have the effect of increasing levels of protection."
- APEC leaders urged all non-APEC members of the World Trade Organization (WTO) "to work together with APEC economies toward further multilateral trade liberalization."
- APEC leaders "agreed to adopt the long-term goal of free and open trade and investments in the Asia-Pacific." The goal will be pursued "promptly by further reducing barriers to trade and investment and by promoting the free flow of goods, services and capital" in a manner consistent with GATT.
- Industrialized economies

will achieve the goal of "free and open trade and investments no later than the year 2010 and developing economies no later than the year 2020."

• APEC will give "particular attention" to its trade "with non-APEC developing countries to ensure that they will also benefit from trade and investment liberalization in conformity with GATT/WTO provisions."

• APEC economies will promote flows of goods, services and capital "by eliminating administrative and other impediments to trade and investment."

• To "intensify development cooperation" and reduce "economic disparities," the APEC leaders agreed to develop human and natural resources in the Asia-Pacific. This cooperation will cover human resources, science and technology, promotion of small and medium-size enterprises and infrastructure and environmental issues.

• The APEC leaders agreed that "APEC economies that are ready to initiate and implement a cooperative arrangement may proceed to do so while those not yet ready to participate may join at a later date." Sources: Reuters, AFP

FED: Interest Rates Up

Continued from Page 1

bond market had called for strong action by the Fed to stay ahead in the fight against inflation. John Lipsky, chief economist at Salomon Brothers Inc., told an audience of foreign bankers that "the Fed has to provide a message that it has re-evaluated its view of February that the economy would be slowing down and step up the scope and pace of tightening."

When the Fed began raising rates on Feb. 4, its goals included throttling short-term consumer borrowing with higher bank and credit card rates and encouraging long-term investment with lower bond rates. But bond traders and investors had borrowed heavily — much more heavily than Fed officials realized — as a way to bet on continued declines in rates and consequent increases in bond prices, especially in Europe.

The turn in policy, therefore, hit the bond market when it was overextended, and traders had to cash in billions in bonds to meet margin calls, which drove bond prices down further and long-term interest rates up. It was the exact opposite of what the Fed had intended.

If bond prices stabilize near the levels set Tuesday, this spiral may at last be unwinding — the fruit of the central bank's determination to continue raising short-term rates in an effort to slow the U.S. economy.



Dissenters on the rate increase protesting the Fed's action outside the board's headquarters Tuesday in Washington.

KOHL: Chancellor Wins Re-election in Narrow Vote

Continued from Page 1

is on track to break Mr. Adenauer's postwar record for longevity in 1996.

Officially sworn into office several hours after the vote, Mr. Kohl summarized his goals for what he has said will be his final term as Germany's leader.

"I want to complete the material and spiritual unity of Germany, a unity that is not a simple annexation of East Germany but the creation of something new, in the best sense of the word," he said. "I want to keep the German train on the track to Europe so that no one in the future can derail the locomotive and return to the old nationalist thinking."

Coalition leaders unveiled their legislative plan for the next four years, worked out during three weeks of private talks after the elections. Unsurprisingly, given the coalition's shaky hold on power, the 49-page program spelled out few unexpected initiatives in a document described by the Frankfurter Allgemeine as a "conglomeration of faintheartedness."

Beyond a call for political and economic renewal, and the usual vows to be tough on crime and drugs, the platform included an agreement to allow third-generation children of foreigners living in Germany to obtain citizenship, until age 18, when full German citizenship would be forthcoming but only if other nationality claims were renounced.

CSCE: Pact Provides for European Peacekeeping Force

Continued from Page 1

that at least created the possibility that there would not be another dividing line in Europe, it just moved a few hundred miles east."

An example of how a powerful Conference on Security and Cooperation could come in handy, American officials pointed to a possible conflict someday between Hungary and Romania over the large Hungarian minority in Romania. A strengthened organization

could mediate the dispute, provide advice on how to protect minorities, send monitors to make sure the two sides respect a cease-fire and provide peacekeepers to enforce a cease-fire.

It would be better to use the Conference on Security rather than the United Nations to handle such a conflict, American officials say, because the conference has more expertise and involvement in the region and because it has more flexibility than the UN since it has only 23 as many members.

Increasing the importance of the Conference on Security is part of two-track approach to revamp security arrangements in Europe. On the other track, the United States is working with NATO members to explain to Eastern European countries what they will need to do to someday join NATO.

U.S. Panel Urges Same Rules For Big and Small Airplanes

The Associated Press

WASHINGTON — The National Transportation Safety Board recommended on Tuesday that the strict rules governing major airlines be extended to smaller commuter carriers, whose safety record has caused concern in recent years.

John Lauber, a board member, said he believed that the need for separate regulations for large and smaller airlines had been outgrown.

The recommendations, after a nine-month investigation of commuter airline safety, go to the Federal Aviation Administration for action.

Regional airlines feeding passengers to major carriers — and often operating under the colors of those carriers — have proliferated in recent years. Several crashes, including those in Hibbing, Minnesota and Columbus, Ohio, and most recently in northern Indiana, have focused attention on that segment of the industry.

Current rules impose tougher standards on planes with 31 seats or more. The safety board recommended extending those rules to planes with 20 seats or more, and those of 10 to 19 seats "wherever possible." This would put nearly all scheduled airline flights under the same strict rules, while leaving the less severe standards in effect for air taxis and other unscheduled small planes.

The changes would also tighten safety inspections of aircraft and reduce the number of hours pilots can fly.

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VIENNA

The 'New' Aristide Finds Little Success Selling Reconciliation to the Masses

By Edward Cody
Washington Post Service

PORTE-AU-PRINCE, Haiti — In the month since he returned to power on the wings of the U.S. military, President Jean-Bertrand Aristide has transformed his political personality, preaching restraint instead of revolution to the impatient Haitian poor.

By emphasizing compromise and reconciliation, the populist Father Aristide has sought to please his U.S. sponsors and avoid repeating the confrontation with Haiti's military and economic elite that led to his overthrow in September 1991. But the shift has disappointed many among the masses, who elected him in 1990 to sweep away the ruling class and viewed his return Oct. 15 as a time for getting back at the soldiers, policemen and thugs who oppressed them for three years.

"How can you have reconciliation when so many people die?" asked André Dugue, 59, a grocery owner in the northern port of Cap Haïtien. "Reconciliation, O.K., but first you've got to have justice. You must pay. O.J. Simpson is in jail in the United States, isn't he?"

Father Aristide's personal prestige has remained high despite the lukewarm reception many of his

followers accord the reconciliation message. But a number of Haitians have predicted restlessness soon unless the Haitian poor, denied the satisfaction of upheaval and revenge, begin to see swift improvement in their daily lives.

Yvon Neptune, Father Aristide's spokesman, said the president is aware many of his followers have trouble swallowing the call for reconciliation. "Even with all the love they have for the president, the people suffered so much during the last three years that he cannot heal that wound," he said.

A U.S.-led aid program has promised to pump \$550 million into Haiti over the next year, making the hemisphere's poorest country its largest development project. Aid bureaucrats carrying sheets of numbers from around the world have filled hotel lobbies. But so far, little of their effort has found its way to the shantytowns or rural huts where Haiti's poor struggle to survive.

"When the helicopter put Aristide down in Port au-Prince, people said the Messiah had arrived," explained Hubert de Konceray, a conservative anti-Aristide politician who heads a party called the National Development Mobilization. "Well, now that he's here, he has to produce some miracles."

Father Aristide's repeated calls for reconciliation have been matched by his choice of a businessman as prime minister and appointment of former ministers who cooperated with the military, including Defense Minister Wilton L'Hérisson, to his new government. These choices flew in the face of his political philosophy — he has compared himself to the 18th-century French revolutionary Robespierre — and of his political movement, named Lavalas after Haiti's flash floods that sweep away all in their paths.

But the most immediate concern among Aristide followers centers on the security forces, which were used by the military government to impose a brutal repression across the country. An estimated 3,000 Haitians were killed during the three years of military rule.

The U.S. military has for the time being supplanted Haitian policemen and soldiers. But under a stopgap Justice Department program, a new corps of Haitian policemen — including former soldiers — are being dispatched around the country in distinctive blue-and-white uniforms to patrol under international monitors after one week of retraining. These police have been assigned to provide security pend-

ing creation of a new police force, separate from the army, that has been programmed for next year at the earliest.

Despite Father Aristide's repeated appeals for cooperation with the "new" police, many Haitians have expressed dismay at seeing the return of their former oppressors under the new guise. "We can't reconcile with this army," said Gisèle Georges, 49, a mother of six children in Cap Haïtien. "Maybe another one, O.K., but not this one."

A half-dozen retrained policemen reporting for duty on Sunday in Gonavais, a regional capital about 50 miles north of here, were met by a crowd of young men who declared that the police could patrol the region only as a "test" to see whether they had indeed reformed.

"That one over there," Pierre-Louis Audonel said as he pointed to a returning policeman with aviator sunglasses, "he handed out 200 blows with a club. How are you supposed to reconcile with him?"

Although Father Aristide also has spoken of justice, he has avoided defining what he means. But to most Haitians justice means clear retribution against the many human rights violators among Haitian soldiers, policemen and government thugs.

There is precedent for this expectation. The fall of the Duvalier dictatorship in 1986 set off a round of summary justice. And in an incident that helped establish his reputation as a radical, Father Aristide made an impassioned speech just before his overthrow in which he seemed to endorse "necklacing" such people — killing them by putting a burning tire around their necks.

This time, however, there has been no move from the president to proceed with punishment. Many observers have predicted he will settle for a U.S.-inspired Truth Commission along lines followed in El Salvador, substantially less clear-cut than the retribution described by Haitians in the street.

Nowhere has Father Aristide's new caution been more visible — or more openly contested — than in Cap Haïtien, which with 250,000 inhabitants is Haiti's second city.

When he visited Wednesday, he drew boos from an otherwise adulatory Cap Haïtien crowd by embracing Archbishop François Gaillot, a prelate represented for failing to condemn military repression. Similarly, the president inspired only hesitation when he asked his followers if they would cooperate with 50 newly retrained police in Cap Haïtien.

AMERICAN TOPICS

How a Make a Sure Bet Turn Into a Sure Loser

When New York City went into the bookmaking business in 1971, its officials envisioned that their monopoly franchise would ultimately yield annual profits of \$200 million. Today, The New York Times reports, Offtrack Betting Corp. is losing money.

Over the last two years, OTB has become "the only bookie operation in the world

to lose money," as Mayor Rudolph W. Giuliani frequently points out. The operating deficit totaled \$5.3 million for the fiscal year that ended in June.

Last week, as part of an effort to revive the agency, the mayor appointed a new president, Aliza Sherman, a Time Warner executive and former New York Giants football coach. City officials say they will consider selling OTB to a private company after the new management team restores profitability.

Like racetracks and other off-track betting corporations, OTB has been losing customers to casinos and state lotteries. But it has its own long-standing problems: unappealing betting parlors,

antiquated technology, political patronage, inept managers and inefficient workers.

The fundamental problem, according to both OTB's critics and its defenders, is that racetracks and OTB have separate managements that inevitably work against each other for fans and income. Entrenched political, bureaucratic and labor interests oppose bringing them together.

Short Takes

The 15 seconds of shaky, grainy film showing the shooting of President John F. Kennedy 31 years ago this month is one of 25 films added to the national film registry at the Library of Congress this week.

The footage, taken by Dr. Abraham Zapruder, "is probably the most famous amateur film of all time," said David Francis, chief of the library's motion picture division. The original Zapruder film was sold to *Life* magazine for \$150,000 shortly after Kennedy's assassination. In 1975, Time Inc. sold the film back to the Zapruder family for \$1; the family has retained ownership.

Ralph Lauren's high-priced clothes have been ingeniously marketed through images from a made-up world of physically flawless, polo-playing WASPS" (or white Anglo-Saxon Protestants). William F. Powers writes in *The Washington Post*.

Mr. Lauren is "so skilled at this game that huge numbers of mall-moles actually bought into the idea that if they laid down \$200 for a sweater they would be spiritually transformed into landed gentry."

Two men who broke out of the county jail in Benton, Arkansas, have reason to cry over spilled milk. They stole a milk truck but failed to secure the rear doors, letting cartons of milk tumble out. "After they got hold of the milk truck we were just minutes behind them and following the trail of milk cartons that they were leaving," Saline County Sheriff Judy Pruden said.

International Herald Tribune

Some Cubans at Guantánamo May Get Into U.S.

By Steven Greenhouse
New York Times Service

WASHINGTON — Facing intense pressure from Cuban-American groups, the Clinton administration is leaning toward granting entry to Cuban families being held at the Guantánamo Bay Naval Station on the ground that holding children there month after month is inhumane.

A U.S. official said the move would probably be announced before President Bill Clinton meets with Latin American leaders in Miami in early December to reduce the chances of demonstrations by Cuban-Americans that could embarrass the administration.

There are from 2,700 to 3,000 Cuban children under the age of 17 at Guantánamo

Bay, and with their parents they account for about a third of the 23,390 Cubans being detained there, administration officials estimated.

Permitting them to come to the United States would be a policy reversal for the administration, which asserted repeatedly that the thousands of Cuban boat people transferred to Guantánamo Bay in August would be held there indefinitely and would never be allowed direct entry into the United States.

Explaining the move, an official said: "There are definite humanitarian concerns here. There are questions of schooling and health for these children. The camps are rudimentary, and life is pretty rough."

At the same time, according to one official, the administration fears that

allowing in families could draw Cubans to American shores, encouraging them to think that the door is again open.

Another concern, however, is that the Cuban government might be angered by such a decision because the administration stated in an agreement signed on Sept. 9 that "migrants arrested at sea attempting to enter the United States will not be permitted to enter the United States."

Administration officials acknowledged that if the president was going to have any chance of winning Florida in the 1996 presidential elections, he would need strong backing from Cuban-Americans.

Seeking to discourage any new exodus of Cubans, several officials stressed that even if those families were granted entry on compassionate grounds, others at Guantánamo should not get up their hopes about being admitted.

WINTER SPECIAL

FROM \$59 PER ROOM PER NIGHT!

89

104

FOR RESERVATIONS CALL TOLL-FREE THROUGHOUT EUROPE: AUSTRIA 066 09 595, BELGIUM 0800 1 99 77, DENMARK 80 01 0403, FINLAND 0900 15113, FRANCE 03 96599, GERMANY 0180 815151, HUNGARY 06800 15 182, IRELAND 1 800 553155, ITALY 1678 77399, LUXEMBOURG 0490 2790, NETHERLANDS 06 0221155, NORWAY 800 11355, PORTUGAL 050 581 35 17, SPAIN 900 99 51 19, SWEDEN 020 793 793, SWITZERLAND 155 11 75.

VAIL & ITS PARTNER HOTELS FROM 15 NOVEMBER 1994 TO 15 JANUARY 1995. Minimum stay 2 weeks. Subject to availability. Public holidays, school holidays, bank holidays, Christmas, New Year, Easter, etc. subject to surcharge. Rates per night in £, £100 per person per week, £120 per person per week, £140 per person per week, £160 per person per week, £180 per person per week, £200 per person per week, £220 per person per week, £240 per person per week, £260 per person per week, £280 per person per week, £300 per person per week, £320 per person per week, £340 per person per week, £360 per person per week, £380 per person per week, £400 per person per week, £420 per person per week, £440 per person per week, £460 per person per week, £480 per person per week, £500 per person per week, £520 per person per week, £540 per person per week, £560 per person per week, £580 per person per week, £600 per person per week, £620 per person per week, £640 per person per week, £660 per person per week, £680 per person per week, £700 per person per week, £720 per person per week, £740 per person per week, £760 per person per week, £780 per person per week, £800 per person per week, £820 per person per week, £840 per person 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Dublin Wins Delay On Confidence Vote

The Associated Press

DUBLIN — Prime Minister Albert Reynolds pleaded for the life of his government Tuesday, saying a vote of no-confidence would hurt a historic chance to pursue peace in Northern Ireland.

The Parliament agreed to put off the vote until Wednesday.

In a speech to the legislature, Mr. Reynolds said the governing coalition should not be allowed to founder after winning a truce from the Irish Republican Army on Sept. 1. "It will be a great pity if a government that is achieving rapid economic progress, that has achieved the biggest breakthrough in Northern Ireland in over 25 years, and that has a fine legislative program, should be placed in jeopardy over misunderstandings surrounding a single judicial appointment," Mr. Reynolds said.

The prime minister's appointment of a conservative judge to the high court angered his coalition partners in the Labor Party, who walked out of a cabinet meeting Friday. That move led an opposition party to propose the no-confidence vote.

The coalition was split over the appointment of Attorney General Harry Whelehan as president of the high court. Mr. Whelehan was criticized for not extraditing a priest charged with sexually abusing a child.

For seven months, Mr. Whelehan's office took no action on the requests from Northern Ireland for the Reverend Brendan Smyth, accused of molesting children for more than 20 years. Mr. Smyth returned voluntarily to Northern Ireland last year, where he was convicted and is serving a four-year sentence.

G. Adams to Visit Britain

The Sinn Fein president, Gerry Adams, will visit Britain on Thursday for the first time since the government lifted an order banning him because his party supports the IRA. The Associated Press reported from Belfast.

In Germany, Refugee Flood Ebbs as Bonn Slams Door

Washington Post Service

BERLIN — For the Zejullahs, a young family of ethnic Albanian refugees, the land of milk and honey so far measures only 6 by 3.5 meters. It contains four cots and a crib, a table and chairs, a few second-hand toys and a battered television set. A dim corridor leads to communal toilets and showers.

Modest as their quarters are in the German Red Cross refugee home on Berliner Street, the Zejullahs — Fedil, 27; his pregnant wife, Selvete, 23; and their two toddlers, Valimir and Valmire — consider themselves immensely lucky. They are among a dwindling number of political asylum-seekers who manage to get into Germany and remain long enough to have their plea for sanctuary considered.

"All we want is to stay here," said Mr. Zejullahs, who contends Serb persecution first cost him his job as a train engineer and then drove him from his homeland, the Kosovo region of Serbia. "We want to stay here as Germans."

Not likely.

Following a radical overhaul of the German asylum law that took effect in July 1993, the number of asylum applications has plummeted from an average of nearly 37,000 a month to about 10,000 now. Of the 300,000 applicants judged so far this year by federal officials, barely 7 percent have been granted sanctuary — and even more out of reach to most foreigners is German citizenship.

Germany still gets almost half of all asylum-seekers in Europe. "By far the highest load of any European country," said Judith Kumun, head of the United Nations High Commissioner for Refugees' office in Bonn. Yet the number has subsided so dramatically that what had been the nation's most explosive political issue two years

ago was hardly mentioned in the election campaign this fall.

The drop in asylum applications reflects no decline in migratory pressures; the socioeconomic fault line between rich, stable northwestern Europe and the poor, turbulent lands to the south and east remains as stark as ever. Rather, that divide has become tougher to cross successfully, or at least legally, as Western Europe locks down its borders and builds legal obstacles to either keep refugees out or deport them more easily if they slip in.

Two provisions of the new German law are particularly effective in thwarting would-be asylum-seekers. One holds that any refugee arriving overland in Germany via a "safe third country" — a democracy where human rights are observed — is ineligible for asylum. All nine of Germany's contiguous neighbors have been declared safe third countries by Bonn, providing Germany with a kind of terrestrial moat.

The other key provision involves assessing whether the home country of a refugee is a place where political persecution by the state is evident. Critics contend Bonn's list of persecuting nations is too narrow and excludes countries such as Somalia or Liberia where, in effect, there is no state.

Germany also has cracked down on airlines that bring in aliens without proper passports or visas. Only about 1 percent of asylum-seekers now come by air, and to prevent them from taking refuge in the legal system they are shuttled into special transit areas considered outside German territory.

The government also has beefed up border patrols while signing treaties with Poland and the Czech Republic to make it more difficult for refugees to use those countries as staging areas. And Bonn sharply curbed welfare payments to

asylum-seekers. A refugee family that previously might have collected more than \$1,000 in cash each month now typically gets \$52 per adult and a basket of groceries or other in-kind assistance.

The crackdown means that the lot of the refugee is now more uncertain than ever. Decisions often are made so peremptorily that critics such as Martin Reimer of Amnesty International's Berlin office question whether those who are truly persecuted at home can effectively plead their case.

The safe-third-country provision has resulted in sharp increases in amnesia and mendacity: Asylum-seekers often contend that they were spirited into Germany by smugglers and are uncertain of the route taken. Unless authorities can prove that an alien entered Saxony from southwest Poland, for example, deporting the suspect to Poland is difficult.

Refugees who appear likely to lose their asylum requests — deportations since 1990 have climbed more than sixfold, to 36,000 last year — often just melt into the inner cities, adding to a growing number of illegal immigrants.

Those who play by the rules often find themselves fighting a protracted legal battle with authorities from the moment they set foot in Germany. The Zejullah family, for example, arrived 13 months ago with two suitcases and the clothes they were wearing, after traveling by bus to the Czech Republic and crossing into Germany on foot. Despite arriving via a safe third country, they have managed to stave off deportation because a sympathetic Berlin judge has prevented the government from acting until the family's claim of "ethnic persecution" is reviewed.

Most experts believe that illegal immigration has climbed substantially in the past 17 months, although as the UN official observed, "The one

thing none of us can measure is whether the same number of people are entering Germany as before, but rather than applying for asylum are instead staying illegally."

The Interior Ministry has estimated that 14,000 migrants enter the country illegally each month, but such figures are little more than guesses. Crossing illegally has had tragic consequences, with at least a dozen drownings reported this year in the Neisse River, which separates Poland and Germany. Hunger strikes and riots by those awaiting deportation have become commonplace.

Even some of the new law's sharpest critics concede that Germany needed to do something to stem the migrant tide. After receiving fewer than 20,000 asylum applications in 1983, the country was swamped with 438,000 a decade later. Rightist extremists fueled the perception among voters that economic refugees were exploiting a liberal German guarantee of political refuge, which had been adopted partly as atonement for Nazi excesses.

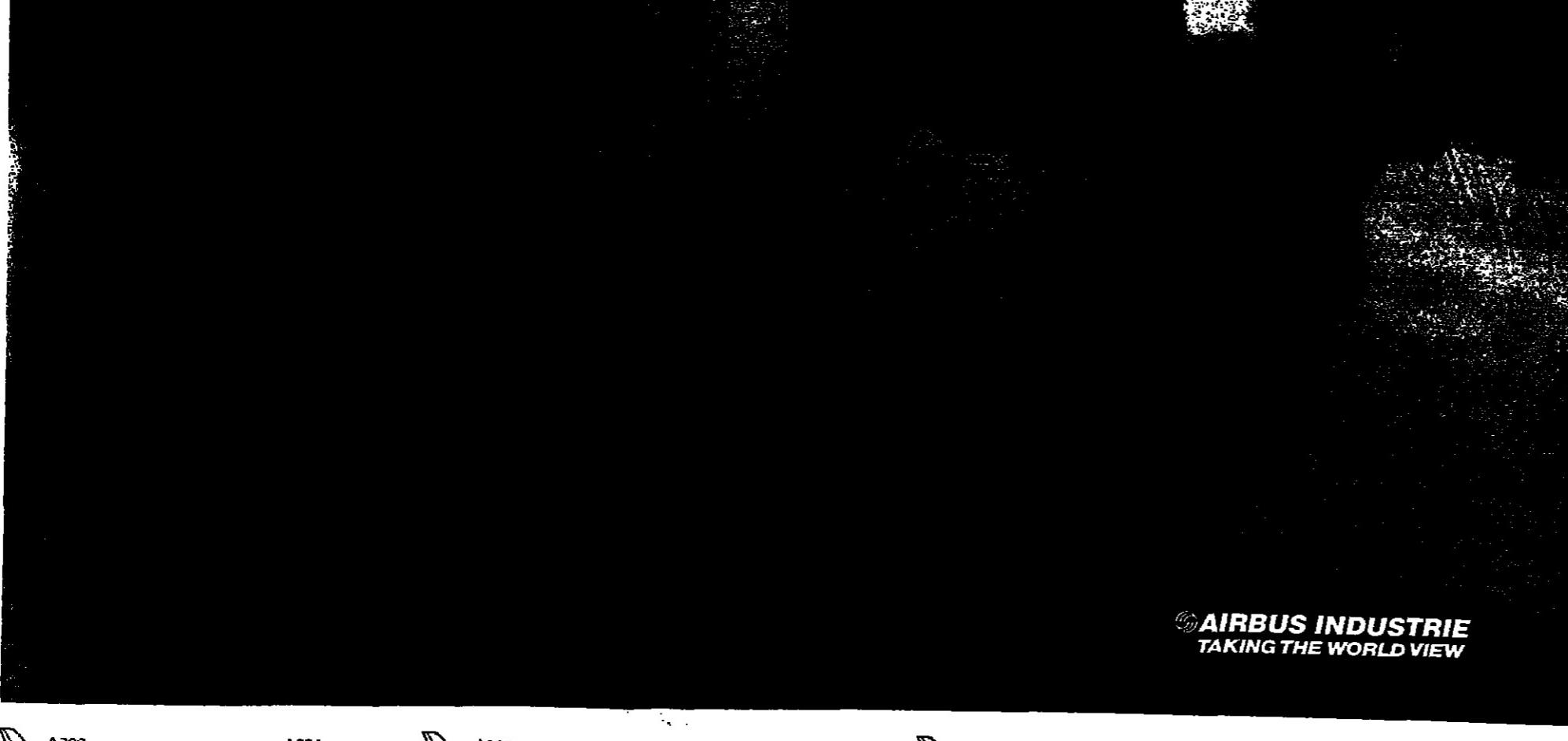
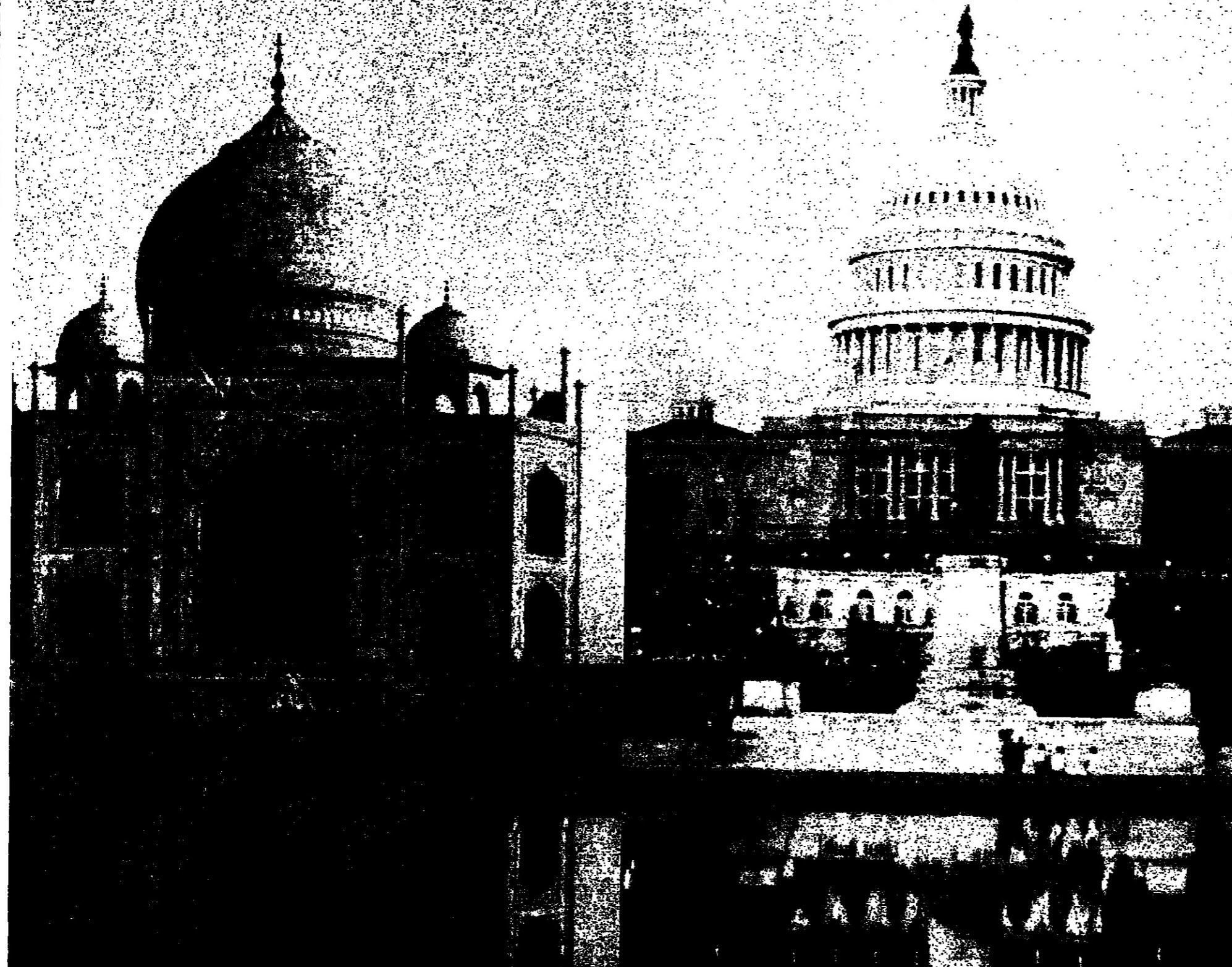
Although Chancellor Helmut Kohl has asserted that "Germany is not an immigration country," the nation remains one of the most ethnically diverse states in Europe.

Statistics released in Bonn this month show that Germany has 6.9 million foreigners, who make up 8.5 percent of the population, compared with less than 3 percent in Western Europe as a whole and 1.2 percent in the Germany of 1960. In the turbulent five years since the disintegration of the Iron Curtain, Germany has attracted far more than its proportionate share of refugees; an appeal that has continued despite the new asylum law. Two-thirds of all refugees fleeing to Western Europe from former Yugoslavia's republics have ended up in Germany.

— RICK ATKINSON

The A340 has brought Delhi closer to Washington D.C.

The A340 is the longest range aircraft in civil aviation history. It can fly a full complement of passengers, in true wide-body comfort, for over 16 hours non-stop. This opens up a whole new route network for the world's airlines. For example, the A340 can easily fly non-stop all the way from Frankfurt to Santiago, New York to Cape Town or Delhi to Washington D.C.



الراحل

Leader of German Jews Calls For EU to Tame Far Right

Reuters

right trends in the member countries.

"We are seeing a trend to the far right in the whole of Europe," said Mr. Bubis, head of Germany's Central Council of Jews.

"From other countries, Germany is seen as the stronghold of right-wing extremism," he said.

Speaking to a congress in Bonn on discrimination against foreigners in Europe, Mr. Bubis pleaded for the Union not to fool itself into thinking that rightist extremism was confined to Germany but to tackle far

right trends in the member countries.

"We are seeing a trend to the far right in the whole of Europe," said Mr. Bubis, head of Germany's Central Council of Jews.

"From other countries, Germany is seen as the stronghold of right-wing extremism," he said.

"That has a lot to do with history, is an emotional response and is understandable. But they forget that not one far-right group is represented in Parliament in Germany."

Italian Unions Call For General Strike

Compiled by Our Staff From Dispatches

ROME — Italy's three main unions called Tuesday for a general strike against Prime Minister Silvio Berlusconi after he refused to back down on pension cuts in the new budget and called a vote of confidence instead.

The unions called for an eight-hour strike that would probably be held on Dec. 2.

Mr. Berlusconi, battling a wave of public and political opposition to his tough 1995 budget bill, called the confidence vote, the second this week, to force through the pension measures.

The Northern League, Mr. Berlusconi's biggest and most troublesome coalition partner, had sought to water down changes that would raise the retirement age and reduce entitlements of Italians who take early retirement.

The League's deputies in Parliament reluctantly agreed to back the government, ensuring Mr. Berlusconi's survival.

Opposition politicians, who filibustered for seven hours Monday, pledged to use the same tactics on pensions to slow the budget's passage through Parliament.

"This is a declaration of war," said Fabio Musi of the

opposition Democratic Party of the Left, the former Communists. "We accept it."

The new confidence vote will take place in the Chamber of Deputies on Wednesday.

The confidence vote was called after the center-right government, factionalized by policy differences among coalition partners, failed to convince the federalist Northern League to drop amendments to soften the blow of the pension changes.

The league, which ensures the government's 51-seat majority in the chamber, said it would back Mr. Berlusconi in the vote. He would have to resign if he lost.

But the party signaled a potentially bloody battle once the budget reaches the Senate, where the coalition lacks an outright majority.

The League's amendments will fall if the confidence vote is passed, but a League deputy, Elisabetta Castellazzi, said they would be resubmitted in the Senate.

Mr. Berlusconi, elected in March on pledges to rein in Italy's runaway deficits, has staked his credibility with wary financial markets on getting the budget through Parliament unscathed by the end of the year.

EU Spending Watchdog Follows a Waste Trail

Reuters

BRUSSELS — The European Commission has thrown away millions of dollars from the European Union's budget through a combination of poor management, lack of verification and contradictory actions, according to the Union's spending watchdog.

"The assessment and monitoring of measures are often insufficient, and various irregularities affected the reliability of the accounts so that it is not possible to trace back with precision every operation," the Court of Auditors said in its report on the Union's 1993 budget.

The report, which was to be formally presented to the European Parliament in Strasbourg, highlighted a number of cases where vast amounts of money had been paid out incorrectly or not reclaimed, or whose intended effects had been directly negated by other spending.

The report, which was to be formally presented to the European Commission in Brussels, highlighted a number of cases where vast amounts of money had been paid out incorrectly or not reclaimed, or whose intended effects had been directly negated by other spending.

The auditors noted that wine production in the Union had risen by one-fifth since 1989 despite EU spending totaling 1.2 billion European currency units (\$1.5 billion) to take surplus vineyards out of production.

It also noted that the effects of payments to persuade pro-

ducers of both milk and wine to reduce output were frequently offset by other EU incentives to increase production.

In addition, the report highlighted discrepancies in EU spending to create jobs, saying: "Certain cases of job creation mentioned in the progress reports were more forecasts than reality and cases of job losses or even bankruptcies were found."

"Moreover, aid was granted to finance the training of some workers who, at the moment of their recruitment, were neither unemployed nor threatened by unemployment nor affected by the restructuring of a firm," the auditors added.

In the milk sector, the report said the European Commission had broken its own rules in several cases. In one, the Community had wrongly taken into account certain agricultural subsidies which were repaid one year later without interest for late payment amounting to an estimated 19 million Ecu's.

The auditors said that it often took two years for EU structural funds to reach their final destination, during which time some of the money sat in accounts run by intermediaries who sometimes used the interest earned for other purposes.

Taiwan Apologizes for Shelling That Wounded 4 on Mainland

By Patrick E. Tyler
New York Times Service

BEIJING — Taiwan expressed "deep regret" Tuesday that its troops fired at least a dozen artillery shells into a village on the southern coast of mainland China, wounding four people, two of them seriously.

A Chinese spokesman in Beijing called the episode "a vicious incident that sabotaged the peaceful atmosphere across the Taiwan Strait."

Taiwan, which initially denied the shelling to U.S. officials in Washington on Monday night, scrambled on Tuesday to issue a statement of regret and a promise to compensate the injured.

The incident Monday underscored the tensions that exist across the Taiwan Strait between the mainland Communists

and the Nationalist forces who fled 45 years ago to Taiwan, where they have transformed the island of 20 million people into a major economic power based increasingly on democratic government.

A statement issued Tuesday by Taiwan's Defense Ministry failed to fully explain how the incident occurred, or who gave the order to fire round after round of artillery shells across the narrow band of water separating Xiamen Island, also known as Quemoy, from the mainland's Fujian Province.

"According to our judgment," the statement said, the shelling "could have been caused by unexploded powder falling to the ground, causing this unfortunate incident. We express deep regret over this mistaken incident, which had no imminent intent."

Alleging Spying, Khmer Rouge Admits Killing 3 Westerners

The Associated Press

PHNOM PENH — The Khmer Rouge guerrilla group confirmed Tuesday that it had executed three Western hostages last month and accused them of being foreign spies.

The three men — David Wilson of Australia, Mark Slater of Britain and Jean-Michel Brasset of France — were killed by the Khmer Rouge in the southwestern province of Kampot. Their corpses were found in a grave with their hands tied. They had been held by the guerrillas after being captured in a Khmer Rouge attack on a train that they were traveling on in July.

Contradicting an earlier statement that claimed the kill-

ings were not carried out by the guerrilla group, a Khmer Rouge broadcast said the three were executed because "they acted as spies to continue Vietnamese aggressive war."

The Vietnamese war was a reference to the conflict between the Khmer Rouge and other guerrilla groups against the Vietnam-backed government, which ended in 1992 with a peace agreement. The Khmer Rouge subsequently withdrew from the peace process and continued to fight, claiming Vietnam still was deeply involved in Cambodia.

The radio broadcast stated that "those who conduct activities of aggression against Cambodia" must be "punished as criminals of war."

BURY: Headstones and Dirt Extra

Confined from Page 1
eters (30 or 40 miles) from Moscow, where there is still space in several cemeteries.

People encountered recently at Mitingskaya Cemetery, about 30 kilometers from the center of Moscow, were eager to express their bitterness at a system that demands bribes and dispenses humiliation at a time they feel very vulnerable.

"I don't know how they can live with themselves," said Lyudmila Povilova, 56, recalling the bribes she had to pay to bury her father last year. "I had

to give vodka to a grave digger. I had to pay the morgue extra to make sure everything went all right. And of course I couldn't afford a headstone."

The funeral director, Vladimir Smirnov, acknowledged that a normal burial service included putting a rough wooden coffin into the ground. But it does not include covering that coffin with dirt. That costs extra.

Perhaps not surprisingly, the only happy people in the cemetery were the grave diggers.

"If people want to pay me something, I am certainly not going to refuse," said Roman Vikhayal, 23, a grave digger at Mitingskaya, the cemetery closest to Moscow that is still not full. "If people want to do it themselves, of course they have that right."

Mr. Vikhayal said he made an excellent living though he declined to cite specifics.

It is not only the free market that has made people like him so successful and his clients so angry. The laws of supply and demand are also on his side.

More than 150,000 people died in Moscow in the first half of 1994, 12 percent above the corresponding period in 1993. At least 400 people need to be buried every day in the capital, and as the director of Kremat, Anatoli Pokhorov, pointed out, "If we take a day off, we have 800 to bury the next day."

Russians traditionally make the journey to a funeral in a bus, usually supplied by the funeral parlor, which doubles as hearse and conveyance for mourners. Once, Ritual put only one coffin on each bus. But in Moscow, Ritual only has three or four working buses, and now it loads as many as three coffins on each, with mourners sharing their grief with people they have never met.

Currency for Turkish Cyprus

Agency France Presse

ANKARA — Northern Cyprus plans to issue its own currency, the Turkish-Cypriot leader Rauf Denktash said. He told the daily Cumhuriyet that the breakaway "Turkish Republic of Northern Cyprus," which marked its 12th anniversary Tuesday, would have its own currency along with the Turkish lira.

Got an Urge for Chicken? When in Europe, Careful

Reuters

BRUSSELS — Eating chicken is like playing Russian roulette with illness, a European consumer group said Tuesday.

"Buy chicken in Europe, and there is a two-in-five chance that it will be contaminated with pathogenic bacteria which can cause food poisoning," said the European Consumers Association, or BEUC.

It said tests on 1,700 chicken samples carried out on its behalf in Norway, Sweden, Slovenia and all European Union states, except Luxembourg, found that almost one quarter were infected with salmonella and that 3 out of 10 contained campylobacter.

Both can cause food poisoning resulting in diarrhea, vomiting and stomach pain. Campylobacter, the group added, was overtaking salmonella as the main cause of food infection in a number of countries.

Thorough cooking, however, at 160 degrees Fahrenheit (71 centigrade) will destroy both salmonella and campylobacter.

Portugal came up with the worst record, with 48 percent of the chicken samples found to contain salmonella and 60 percent containing campylobacter. Denmark was not far behind, with salmonella in 51 percent of samples and campylobacter in 36 percent.

Britain, which had a major salmonella scare in 1988, was found to have salmonella in 36 percent of the chicken samples and campylobacter in 41 percent.

The samples taken in Norway and Sweden were the healthiest. No salmonella was found in Norwegian chickens and only 1 percent had campylobacter. Swedish chickens were equally salmonella-free, but 10 percent had campylobacter.



VIGIL — Chang Jin-shon, a great-grandson of Chiang Kai-shek, at a Beijing hospital, where doctors saw "no hope" for his father, Winston Chang, who suffered a severe stroke.

Manned by thousands of Taiwanese forces since the Nationalist retreat led by Chiang Kai-shek from Mao Zedong's Communist army in 1949.

Taiwan remains serious about defending itself against any Communist attack. Its Defense Ministry last week proposed a record budget for weapons spending.

■ Reaction on Taiwan

Analysts in Taiwan were surprised at the strength of China's condemnation. Reuters reported.

mulates Taiwan's China policy, played down the likely effect of the bombardment.

"This shows that hostilities remain very deep and cannot be eased in the near term," said Chi Mao-chi, a professor at National Central University. "The most worrying factor is that in the future such an accident could develop into conflict."

But an official at the Mainland Affairs Council, which for-

Angolan Factions Take Key Step Toward Peace

The Associated Press

ated a year of peace talks in Lusaka.

LUSAKA, Zambia — Angolan warring factions signed a truce Tuesday intended to allow their leaders to formally end a 19-year civil war this weekend.

The truce cleared the way for further negotiations on final details of a peace accord in the war-ravaged southern African nation.

While it is a major step toward halting one of Africa's longest civil wars, the truce represents only part of the formal peace plan. Throughout the war, which began on the eve of independence from Portugal in 1975, peace overtures and treaties have repeatedly failed to stop the fighting.

Under the plan, signed by senior government military officers and leaders of UNITA, the National Union for the Total Independence of Angola, fighting is to halt Wednesday at 8 P.M. The truce would remain in effect until a formal ceasefire, called for in the peace accord scheduled to be signed Sunday, takes effect at midnight Nov. 22.

"From tomorrow at 8 P.M., there should be no more hostilities in Angolan territory," said Alioune Blondin Beye, the United Nations special representative to Angola, who mediated the peace prospects.

"I am confident that the peace treaty will be signed on Sunday," Mr. Mandela said after returning from Lusaka.

Mr. Mandela met in Lusaka with President Robert Mugabe of Zimbabwe, Meles Zenawi of Ethiopia and Salim Ahmed Salim, secretary-general of the Organization of African Unity, to discuss the peace prospects.

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Fair Trade With China

China desperately wants to qualify as a founding member of the World Trade Organization. President Bill Clinton obstinately stands in the way — which is exactly where he belongs.

The WTO, according to the trade accord signed by more than 100 countries in April, will be created early next year to oversee international trade. Membership would solidify China's emerging presence in international markets and guarantee that countries would not discriminate against its exports. America agrees that China, which is among the world's 10 largest exporters, belongs in the World Trade Organization. But the Clinton administration rightly insists that it agree to adopt the same rules of fair trade that apply to other large countries in the WTO.

China brazenly pirates about \$1 billion worth of intellectual property each year. Music recordings, pharmaceuticals, films and books are copied and sold without compensation to foreign manufacturers holding patents, copyrights and trademarks that other WTO members honor. The Chinese also block imports with layers of testing and licensing procedures that serve only protectionist purposes. And China has dallied in making its rules clear and subsidies transparent to outside examination — a key to determining whether it lives up to its trade obligations.

China balks at adopting fair trade rules, demanding exemptions that apply to small, developing countries. But China's presence is huge in international markets. If it wins immediate WTO membership, it will have little incentive to change so that it plays by the same rules as its major trading partners. Mr. Clinton under-

stands that the time to knock down China's protectionist policies is now, as the price of its membership.

China threatened to scuttle a proposal at this week's Asia-Pacific Economic Cooperation summit to create a free trade zone, perhaps as a way to bargain for early admission. That tactic does not seem to have worked. To gain admission to the WTO, China should adopt fair trade principles. Those include treating foreign firms the same as Chinese firms and giving imports a fair shot in domestic markets. The Chinese government must codify its import and investment rules and put its accounts in order so that foreign governments can monitor whether China is unfairly subsidizing exports or expropriating profits from foreign investors. The WTO need not insist that China conform immediately. But phasing in fair trade rules should be completed in a few years.

China has moved in recent years to lower its tariff and nontariff trade barriers. It has even moved toward a convertible currency — which ensures foreigners that they can convert future profits to dollars without government interference. Yet reforms are incomplete and sometimes proceeding slowly.

The Europeans have suggested a sensible compromise by which China would be accorded the status of a founding member with its privileges suspended until it negotiates terms of entry. Mr. Clinton could embrace such a compromise, as long as he does not waver from demanding that China be held accountable, within a few years, for violations of the rules governing its major trade partners.

—THE NEW YORK TIMES.

Focusing on the Alliance

It is the sort of thing that concentrates the mind. America's clumsy semi-withdrawal from the Bosnian arms embargo has alarmed many Europeans whose reaction has angered Americans. But this latest row over Bosnia does not point to the end of the alliance, as some excited people say. It has come, by good chance, just when the European half of the alliance is trying to work out how it can do a more efficient defense job. If the quarrel makes both sides think more clearly about their military future, it will do NATO good.

On Monday the Western European Union, which links NATO and the European Union, gave its general approval to a plan that would let the WEU do some military operations on its own, with no Americans taking part. Note how modest the Europeans' ambitions turn out to be. These operations would be small — escorting food and medicine into some future war zone, providing peacekeepers once the combatants agree to peace, maybe (although this could prove too much) rescuing people from a disintegrating Algeria. Any such operation would need the consent of every WEU member, so there would not be many of them. And if the Europeans had to borrow transport aircraft or other equipment from NATO, this would need American blessing.

Modest though it is, the project is something that America should support. It wants to cut its military presence in Europe to maybe 100,000 men. So it will not wish to join in every minor military expedition that sets out from Europe. More important, this change in numbers requires a change of attitude. A Europe

being asked to do with fewer U.S. troops may sometimes have to take military action on its own. Fine, Americans should say. They need a more self-confident Europe, for such a Europe will be a steadier partner in a dangerous 21st century.

But Europe has to realize the limits of its new self-confidence. Even for a fairly small WEU operation, it may have to turn to the Americans for arms and aircraft and communications equipment. That shows how far Europe is from having even the rudiments of serious world power.

Because most of its soldiers are in-and-out again conscripts, it cannot swiftly assemble an army to fight anything like the equivalent of another Gulf War. It does not have the staff to fly an expeditionary force to even a small distant battle. Its navies now reach barely beyond the periphery of Europe itself. Above all, it does not have the hugely expensive array of satellites and command-and-control electronics that the Americans possess. To acquire these things might need a doubling of Europe's present defense budgets. Since higher public spending would probably mean even more unemployment that is most unlikely to happen. Europe is nowhere near self-sufficiency in defense.

The Bosnian squabble could have been avoided if Europe had been bolder and America less fuzzy about the disaster in ex-Yugoslavia. But it is not the first time the two sides of the Atlantic have disagreed, nor the last. This is not the end of their alliance. It may indeed have helped them to understand how much, in a hugely changed world, they still need each other.

INTERNATIONAL HERALD TRIBUNE.

Queuing to Join Europe

Europe is engaged in the reorganization and expansion of its most important institution, the European Union. Having begun as an economic community, its political status has risen over the decades with Europe's prosperity. On Sunday, Sweden, in a referendum, voted to join it, as Finland did last month and Austria did in June. Norway will vote in two weeks. With that, the 12 members will increase next year to 15 and, depending on Norway's decision, perhaps 16. There are already signals of anxiety from the Mediterranean members that the Union's center of balance is shifting northward. That also means a shift toward countries with a strong interest in Eastern Europe — possibly, they fear, at the expense of southern countries closer to the Arab world.

The Swedish referendum was sharply fought, and the issues would strike an American as similar to those that have emerged in the debate over the trade bill that would take the United States into the new World Trade Organization. Some Swedes charged that membership in the European Union would diminish their sovereignty. Some argued that it would undercut Sweden's environmental and health laws. But in the end most voters seem to have decided that those claims were exaggerated. The most compelling

argument in favor of joining was that the European Union already dominates the economic world in which Swedes live, and the only real choice was whether, by joining, to get a voice in setting its policy.

The next stage of expansion is going to be much more difficult. The countries of the former Soviet empire want to come in, beginning with Poland, Hungary, the Czech Republic and Slovakia. Here the Union's motives go well beyond commerce. The strategy is to use membership to lock Eastern Europe into democratic government — but that will not make the economic disparities any easier to handle.

One of Bill Clinton's reasons for going to Indonesia and the Asia-Pacific Economic Cooperation forum is that APEC is a potential counterweight to international trade politics to the well-organized and increasingly powerful European Union. Ideally, all trade agreements ought to be worldwide. In fact, progress sometimes comes through trade blocks, and three big ones are now visible. The European Union is the most highly developed, but the North American free trade area is a reality, and APEC seems to be taking shape on the horizon. It is not surprising that the small trading nations are scrambling to gain access to one or another of them.

—THE WASHINGTON POST.

Prevent a Return to All-Out War in Ex-Yugoslavia

By Adam Roberts, John Chipman, Philip H. Gordon, Mats Berdal

LONDON — Battlefield advances by Bosnian government forces in the former Yugoslavia and shifts in U.S. policy on the arms embargo remind us that wars may appear static but are not. In this new environment, the international community needs to rethink its policies.

Too much passivity (patience in letting the parties fight or come to terms by themselves) or too much activity (impatience in seeking to force changes it cannot control) could lead to renewed all-out war.

There are three sets of developments on which the international community has to make the right decisions if the conflict and the prospects for peace are not to take a dramatic turn for the worse, back to the horrors of 1991-1992.

The least talked about set of developments, but perhaps the most potentially explosive, is those in Croatia. The conflict between the government of Croatia and the three Serb-held areas within Croatia remains serious.

Since the arrival of a United Nations Protection Force in the spring of 1992, these three regions (comprising the so-called Serb Republic of Krajina) have been relatively quiet, and the world's attention has focused on the savagery of Bosnia. But the Croatian conflict has only been frozen, not resolved, and the changing balance of power in the region could lead to attempts to settle it by force.

The government of Croatia is increasingly fed up with the role it perceives the UN force to be playing on its territory. As many Croats see it, the force is not fulfilling its mandate to demilitarize the three Serb-held UN Protected Areas, control borders and permit the return of displaced Croats to their homes, but is rather protecting the Serbs who drove those persons from their homes and depriving Croatia of its vital communication links in the east and the south.

The Croats do not want the creation of a state within a state, and are impatient with the UN force's lack of progress.

The Krajina Serbs who fear for their safety in a Croatian state give no hint that they would accept any autonomy plan that did not leave them virtually in charge of their regions. They point to provocative symbols like the new Croatian currency, the kuna, which was previously used by the fascist Croatian state during World War II.

The Zagreb government's line is that it will not cede an inch of territory, while the Krajina Serbs assert that they would rather die heroically than accept Croatian rule. Negotiations about the future of these areas proceed under various auspices, but they do not look promising.

During the last two years the Croatian government has equipped and trained its armed forces. It now possesses a more professional military capability than it may soon be tempted to use. In January the Croatian Parliament will vote on an extension of the UN force's mandate; approval is far from assured.

The Krajina Serbs feel that time is working against them as the Croats build up their forces, as their own fuel shortages become acute and as Serbia distances itself from the Serbs outside. But they are in no mood for compromise despite their situation.

The status quo is thus shaky, and if the

UN force has to pull out, or even if it stays, the next step could be war.

The second set of developments where change needs to be managed concerns Bosnia. After two and a half years of military success, the Bosnian Serbs recently suffered their first major tactical reverse. Faced with sanctions imposed last August by their supposed brethren in Serbia, they are militarily overextended and face a Bosnian government army that is better organized, collaborates with Bosnian Croat forces, has internal lines of communication and has developed a strategy for using its greater infantry provides.

While the Bosnian Serbs are now finding it difficult to find the fuel they need to move around their tanks and artillery pieces, the Bosnian government forces are receiving arms through a leaky embargo and have begun to capture weapons from the Bosnian Serb forces.

In theory, the pressure on the Bosnian Serb forces should assist efforts at a Bosnian settlement. After all, the policy of the Contact Group (United States, Russia, Britain, France and Germany) is to pressure the Bosnian Serb leadership into accepting a proposed partition of Bosnia-Herzegovina, which includes some territorial concessions by the Serbs. However, increased pressure on the Bosnian Serbs could lead to a wider disaster.

With their backs against the wall, and sensing that time is on the side of their enemies, the Bosnian Serbs might conclude that their best bet is to force the departure of the UN force and "execute" some or all of their metaphorical hostages — Bihać, Sarajevo and the three eastern enclaves of Gorazde, Zepa and Srebrenica — thus freeing up the artillery and troops needed to besiege them and using these resources elsewhere.

Even if the Bosnian Serbs were just to retreat, if they could not reverse their losses, Slobodan Milošević and others in Serbia might not be able to stand by and watch fellow Serbs suffer. The Yugoslav army, perhaps acting on its own, might feel pressure to intervene. The Croatian Serbs have already done so.

In any case, the new military dynamism is putting internal pressure on the contact group, with some members condemning the Bosnian government actions and others cheering its successes.

The third way in which the current Yugoslav conflict might escalate derives not from the inside but from actions currently being considered outside.

Last Friday the U.S. government announced that it would no longer take part in the military enforcement of the embargo so far as Bosnia is concerned. America may attempt to go further and supply arms on a unilateral basis or try to get the Security Council to lift the embargo.

The policy announced last Friday is straining the coherence of the contact group and the unity of NATO. Going further would pose even more acute problems, including in Bosnia itself.

The Bosnian government, of course, is already getting new arms (the Croats let "gray market" arms get through), and the heavier weapons that could come in were the embargo lifted would only make a military difference over time.

Lifting the formal arms embargo

would have three immediate practical effects, all undesirable. First, it would announce to all concerned that the United Nations is no longer impartial but a party to the conflict.

Second, the UN force would almost certainly leave Bosnia and probably Croatia immediately, not only ending the relief program but also destroying the existing foundation of a future force (envisioned as being under a NATO label) to implement a settlement.

Third, lifting the embargo would reinforce the sense of the Bosnian Serbs that time is against them and that they should take extreme measures now.

American proponents of lifting the embargo and critics of UN "appeasement" claim that they are doing the moral thing by allowing victims to defend themselves. But set against the reality of arms getting into Bosnia anyway, their proposal is more theoretical than practical. They need to reflect on the consequences of their proposal, not only for allied unity but also for the hundreds of thousands of inhabitants of Sarajevo and the enclaves who would be at risk of being killed, starved or captured by a cornered Bosnian Serb army and leadership.

THIS NEW dynamism of the situation in former Yugoslavia, and the shifts in U.S. policy, have created a set of problems that need to be handled carefully. The contact group and the UN Protection Force must take certain steps, and avoid taking others, in an effort to prevent a further humanitarian disaster possibly even worse than that of the earlier phase of the conflict.

First, the temptation to lift the arms embargo must be resisted in the Security Council. The British and French should not hide behind a probable Russian veto and should make clear their principled opposition to any such resolution. Forcing the Russians to play "bad cop" at the United Nations would wrongly portray the arms embargo debate as an East-West issue and would unnecessarily exacerbate Russian resentment of the West.

Were the U.S. government to allow its own citizens unilaterally to supply arms to the Bosnian government, it would risk the absurdity of a direct clash with a NATO still committed to enforcing the arms embargo against all traders.

Second, the international community needs urgently to concentrate on the situation in Croatia. Members of the contact group, particularly Bonn and Washington, should impress on Zagreb that any early attempt to regain by force the three Serb-held UN Protected Areas in Croatia would lead to international isolation.

It could also lead to a new Serbian-Croatian war if the Yugoslav army were militarily to support the Krajina Serbs. To avert any such such outcome, the UN force should intensify its efforts to deliver on its mandate in the UNPA.

Although demilitarization is impossible in the absence of consent, the United Nations could still engage in more vigorous policing of the UNPA borders and redouble its efforts for the return of displaced people. If the UN force is obliged to leave Croatia, which provides its headquarters, its continuance in Bosnia becomes virtually impossible.

Third, in framing a political solution for Bosnia, the contact group needs openly to confront the viability of a state that was prematurely born. Bosnian government forces have achieved important military successes recently, but no one should doubt the military and political impossibility of putting the whole of Bosnia-Herzegovina back together again.

Because of the disputes within Serbia, the solution that the Bosnian Serbs previously called for (attachment to Serbia) may no longer be their first choice. Yet leaving space for a possible confederation between Bosnian Serbs and Serbia may be the best available avenue to peace.

In any case, it is a fiction to pretend that Bosnia-Herzegovina can function as a state in its formal but uncontrolled borders. The international community can do many things in ethnic conflict management, but it cannot force people to make an oath of fealty to a state that is seen as artificial by so many of its inhabitants.

To try to do so is to invert the principle of self-determination. Without a political promise from its inhabitants, always absent in Bosnia, structural arrangements for the continuation of this state will be without foundation.

The borders of Bosnia will eventually be redrawn. Doing so by stealth rather than through open negotiation is unlikely to advance the cause of peace or the hope of more humane intercession among the people of former Yugoslavia.

Finally, in working on the challenges ahead, the contact group and other mediators need to develop more contact with the UN force. As the four of us saw on our recent visit, things look different on the ground than they do from foreign capitals. International plans that are not coordinated with those fulfilling the international community's complex mandate only invite the parties to the conflict to again play the United Nations off against national capitals and national capitals against each other.

The UN Protection Force is unfortunately named. It is not a protection force. It can offer very little protection, and it cannot use or condone force that deprives it of the consent it needs to operate the humanitarian element of its mission. Its presence is not an unmixed good. It has helped to create a stalemate in Croatia, and may have contributed to prolonging the war in Bosnia.

Yet it has fed hundreds of thousands of people, and more than attenuated the horrors of siege warfare.

If it is able to stay, and if diplomats work energetically on the parties, a Yugoslav settlement is perhaps possible. But if it is chased or pulled out, the war in the Yugoslav area could return to the extremes of 1991-1992, and it will end only if the combatants exhaust themselves.

The parties have a proven stamina for fighting, and the international community should not, through too much passivity or misguided hyperactivity, invite them to contemplate a return to all-out war.

Mr. Roberts is Montague Burton professor of international relations at Balliol College, Oxford. Mr. Chipman is Director of the International Institute for Strategic Studies, London. Mr. Gordon is a senior fellow at the institute, and Mr. Berdal a research fellow. They contributed this comment to the International Herald Tribune.

In China, Reasons to Expect a Fairly Smooth Post-Deng Transition

By Yasheng Huang

CAMBRIDGE, Massachusetts — Many observers believe that history is about to repeat itself — some in handful of octogenarians — and he often needs to compromise on key policy and personnel issues.

And for all Mr. Deng's might, his departure will not leave a power vacuum nearly as gaping as the one Mao's death created in 1976.

Mao's demise started intense jockeying for power because there was no strong successor in line. Hu Guofeng was anointed successor only five months before the chairman's death. He did not have time to consolidate his power base, and soon found himself sandwiched between the

radicals led by Mao's wife, Jiang Qing, and the moderate faction led by Marshal Ye Jianying.

The current succession arrangement, however, was put in place five years ago, when Jiang Zemin assumed party leadership.

(He became president in 1993.)

Mr. Jiang has had time to build up his political support. Knowing that the army holds the key to his survival in the post-Deng era, he has been lavishing money on the military and promoting his allies in its senior ranks.

At the Central Committee conference in September, Mr. Jiang

promoted two allies to key positions, and its final communique strongly bore his imprint. Mr. Jiang has attained a greater stature than Mr. Hu ever could.

In 1976, the leadership was bitterly divided. The Gang of Four and the moderate leaders represented two irreconcilable visions about how China should be governed. The radicals wanted to govern the country for the benefit of the masses.

The moderates wanted to continue the Cultural Revolution, which ran from 1966 to 1976, when Mao died. The moderates wanted to restore the bureaucratic normality of the 1950s.

By contrast, the leaders of all factions now share a commitment to economic reforms and political stability. To be sure, there are serious disagreements over the pace and specifics of reform, but they do not come close to the kinds of ideological divisions that engulfed China in 1976.

<p

OPINION

An Arrogant Man of Vision, For Better and for Worse

By David S. Broder

WASHINGTON — Newt Gingrich, the next speaker of the U.S. House of Representatives, is one of the most vexing politicians I have ever tried to figure out. His strengths — intellectual and political — are so large and his weaknesses so glaring that they are difficult to reconcile. The good Gingrich is a man possessed by arresting, powerful ideas; the bad Gingrich, a man possessed by demons he seemingly cannot control.

Last week, as the Republicans celebrated their takeover of the House for the first time in 40 years, both sides of the Gingrich personality were on view. On the eve of the voting, he made the grotesque suggestion that the drowning of two South Carolina children by their mother was the symptom of a failure in social policy that could be laid at the door of the Democrats. The day after the election, he babbled about Bill and Hillary Clinton being "counterculture McGoverniks." He also declined to interrupt a talk-show interview to accept a phone call from the president of the United States and delayed an hour and a half in returning the call.

Judging from the phone calls I got the next day, that show of juvenile arrogance appalled many of his fellow Republicans.

Yet on Friday, Mr. Gingrich came back to Washington from his Georgia district and gave a policy speech that was confident, coherent and in every way impressive. The words were strong, the thoughts clear and no one who heard him was in any doubt that the House Republicans he leads will attempt to enact the conservative governing agenda he described.

Mr. Gingrich has been like that for all the 20 years I have known him. At one moment, he can dazzle you with the nimbleness of his mind. I remember an extended metaphor developed with seeming spontaneity at one breakfast, in which he remarked that Ronald Reagan had played football in college and George Bush, baseball. The differing nature of the two games helped you understand their approaches to the presidency, he said. The exposition lasted about five minutes and it was so smart that you just stopped eating and listened.

On the other hand, I also remember him, highly agitated, at a Bush campaign event in his district, right after the 1992 Republican convention. Mr. Gingrich had locked onto the idea that some obscure provision in the Democratic platform was "the Woody Allen plank," i.e. a tacit ap-

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*P.M. Survey 1993 / 94. **Reader Survey '94.

Something Terrible in Siberia

By Walter J. Hickel

The writer is governor of Alaska.

JUNEAU, Alaska — In Alaska, an oil spill like the one that happened in the Russian Arctic this summer and fall would be called an unmitigated disaster, unleashing a national media frenzy. In Russia, the reaction could hardly have been more different.

It wasn't a sudden spill. An old pipeline operated by the state oil

MEANWHILE

company apparently wore out, developing leaks along its 30-mile (50-kilometer) length.

Estimates of the magnitude vary wildly, from 4 million gallons (17 million liters) to 80 million gallons. (The Exxon Valdez spill, off the Alaskan coast, was 11 million gallons.) But whatever the cause and the size, an immediate, full-scale response is imperative.

This month, a team of Alaskan experts and I flew west in a small jet, across 12 time zones and most of Russia, to the site of the spill — near the town of Usinsk, 1,000 miles northeast of Moscow.

I led the mission as secretary-general of the Northern Forum, an organization of 24 regions in the circumpolar north.

Touring by helicopter about 250 feet (75 meters) above the scrub spruce, meandering streams, tributaries and great rivers, we

could see that something terrible had happened.

Oil was caked on stream banks. Despite a recent snowfall, we could see oil bubbling out of leaks in the pipeline, unattended and ignored. Crude containment dikes had been breached by heavy rains. A videotape made before the snowfall showed oil lying on the

tundra in black pools the size of football fields.

We landed. We walked in the muck. We took samples.

Though we had been told a cleanup was under way, we saw no evidence of it.

Make no mistake, this spill has catastrophic potential. Unless a huge cleanup effort is begun soon, the oil will ruin fresh water supplies. It will destroy wildlife and contaminate salmon spawning grounds and downstream fisher-

ies; this will be devastating to people who depend on fish and game for survival.

It will threaten migratory birds from temperate climates, which spend their summers in the Arctic tundra. And if not contained now, the oil from Usinsk will flow into the Pechora River system, and on to the Barents Sea. From there it will be taken by the currents — west, toward Norway, or east, toward Alaska.

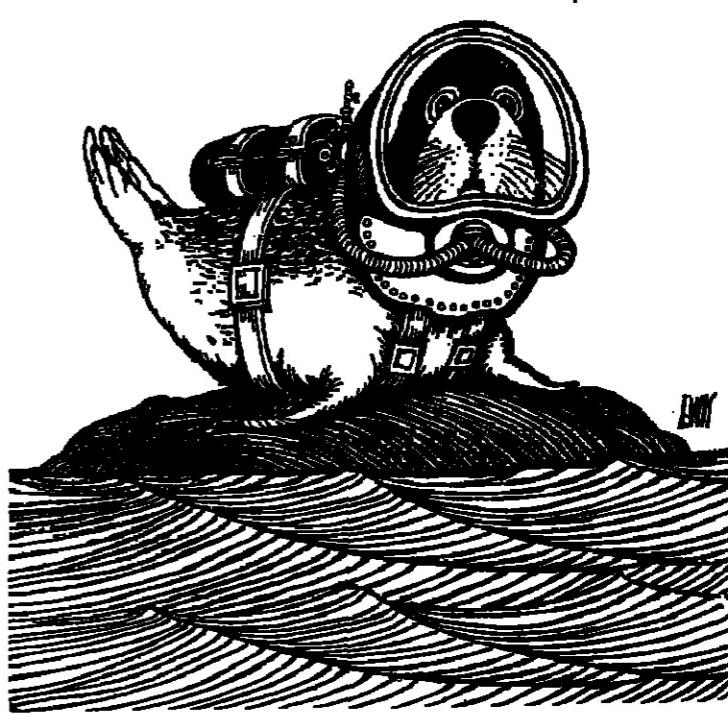
What is to be done? Our experts recommend four steps.

First, there must be a full and accurate assessment of the scope of the spill. President Boris Yeltsin should let the world in to see the environmental legacy of the Soviet era. Then he can champion a cleanup effort that will enlist worldwide support and create jobs for tens of thousands of Russians.

Second, the corroded pipeline, all of it, must be replaced — a project that the president of the Komi Republic, Yuri Spiridonov, said would begin immediately.

And Western companies developing Russian oil need to share the responsibility. We were told that many of the leaks appeared shortly after the pipeline was "pressured up" to take oil from new wells recently put into production.

At least six Western companies are expected to begin producing oil



By EWK, C&W Syndicate

in this region soon. Isn't it time they adopted the same standards in Russia that we require in Alaska?

Third, the cleanup effort will have to begin in the next 30 days if it is to take advantage of the wintry construction season. In the Arctic, cold is your friend. The best time to retrieve oil is when it is congealed on frozen tundra. The battle to keep the oil out of

the rivers must be won now.

Finally, the bigger issue must be addressed. The energy production system built in the Russian Arctic during the Soviet era is a world catastrophe waiting to happen. If Russian leaders are willing, the world community will help them in the monumental task of cleaning up and modernizing that system.

The New York Times

LETTERS TO THE EDITOR

Election Afterthoughts

Regarding "Everything Changes, Excitement Ahead" (Opinion, Nov. 11) by William Safire:

The United States abounds with talent. It is such a pity that so little of it is available for public service. But the entrance fee is too high for most people. William Safire is absolutely right when he says that the television set has hijacked democracy. You could redress both grievances by making it unlawful for candidates to appear on television. Put the people back in politics and talk back in government.

NORMAN SANDERS.

Drammen, Norway.

The "me generation" of the 1980s has reinfirmed society, like a cancer. Instead of the American people running away egocentric congressmen who can see only as far as their autobiographies, these politicians have finally won. History will not now remember Bill Clinton for his view of the future, because Americans have just tossed away their fu-

ture. America! Where has your courage gone?

JOEL SAVITZ.

Leysin, Switzerland.

To understand the degradation of the democratic process over the past 200 years, one only has to reread the speeches of Madison, Jefferson, Lincoln and Franklin Roosevelt, and compare them to the monosyllabic high-school locker room jargon of our present officials. Democracy does not guarantee good leadership, but the fault does not lie with the politicians. The people do get the political leaders they deserve; it just doesn't say much about the people.

ELWOOD L. RICKLESS.

London.

While generally welcoming the results of the election in the States, may I offer the following, perhaps Cassandraish, comments.

1. As a New York State resident, I am more entitled than most to celebrate the vision of the end of Governor Mario Cuomo. I greatly fear, however, that unless the current nine

justices take very good care of their health, we may end up having this Socialist Hamlet inflicted upon us from the Supreme Court, from where he will be free to plague the lives of all Americans.

2. Oliver North got ambushed by his own "party." Ollie, never mind. Next time, go for it all: president. You'll win.

3. Finally, we get the sad news that the greatest president the United States ever had, Ronald Reagan, has got Alzheimer's disease. Well, hang in there, Rock.

And Newt, do you thing,

JACK JOLIS.

Brasschaat, Belgium.

All fundamentalists who worship the God of the Old Testament, be they Jewish, Christian or Islamic, share traits of zealousy which make life unpleasant or even dangerous for those of reason or moderation. After the recent U.S. elections one may assume that the Christian right will have greatly increased influence; we look forward to our impending return home with little enthusiasm.

... Oh well, at least Ollie North struck out.

JAMES KINGSLAND.

Gourdon, France.

As a Democrat, I view the recent U.S. election results with mixed feelings: optimism in that the failing party has been purged and can now, perhaps, go forth with renewed vitality to reinvent itself; pessimism that the polled public had doubted, before the election, the quality of the world awaiting its children, yet has delivered the Congress to the same band of hucksters-of-the-free-lunch who just a few years ago mortgaged our children's financial, social and environmental future.

HERMAN ARCHER.

Cairo.

As an American expatriate (one whose sympathies traditionally are with the Democrats), the recent election results have left me pondering where my country is headed. A few of my thoughts:

1. Republicans and middle-class whites of other persuasions cannot

barricade themselves off from the demographic and economic changes in America. Unless they can come up with solutions to the country's social problems that guarantee equal treatment and opportunity to minorities and poor people, their agenda is doomed to fail.

2. Nonvoters on the left who did not vote because they felt disenfranchised shot themselves in the foot.

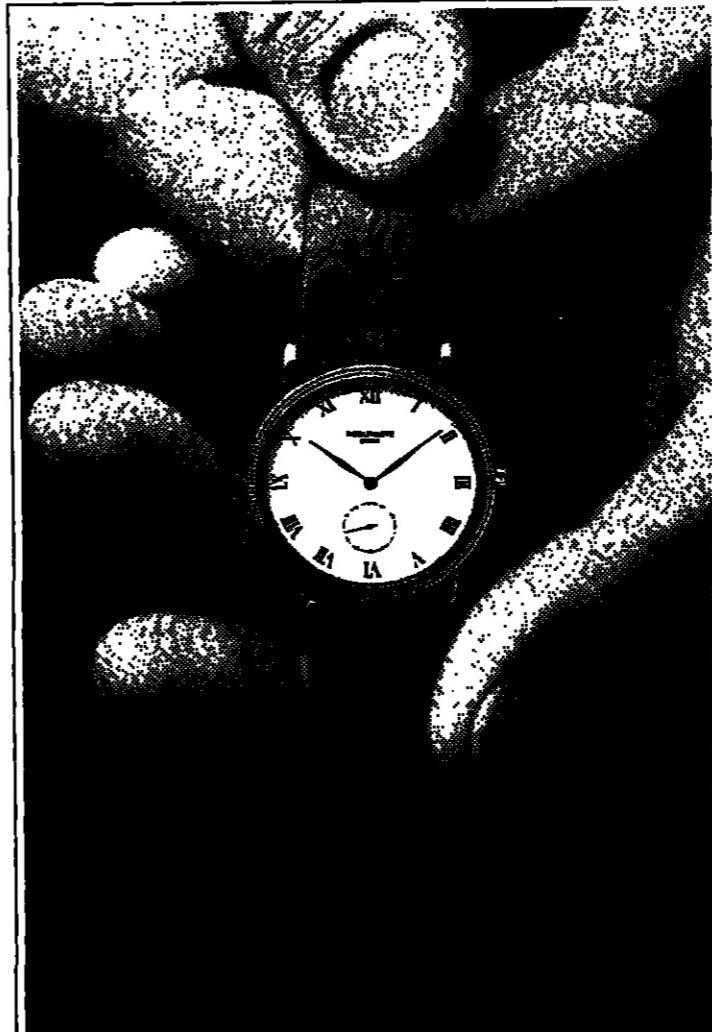
3. Liberals must face the fact that they took a wrong turn by abandoning the concept of personal responsibility and censoring the very freedoms of thought and speech that had allowed them to prosper.

GREGORY J. SCHMIDT.

Frankfurt.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

For more than a century and a half, Patek Philippe has been known as the finest watch in the world. The reason is very simple. It is made differently. It is made using skills and techniques that others have lost or forgotten. It is made with attention to detail very few people would notice. It is made, we have to admit, with a total disregard for time. If a particular Patek Philippe movement requires four years of continuous work to bring to absolute perfection, we will take four years. The result will be a watch that is unlike any other. A watch that conveys quality from first glance and first touch. A watch with a distinction: generation after generation it has been worn, loved and collected by those who are very difficult to please; those who will only accept the best. For the day that you take delivery of your Patek Philippe, you will have acquired the best. Your watch will be a masterpiece, quietly reflecting your own values. A watch that was made to be treasured.



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BUSINESS OPPORTUNITIES

STAGE/ENTERTAINMENT

Moody's Improvisations on Truth

By Mike Zwerin
International Herald Tribune

PARIS — James Moody has been known to belt an impromptu bel canto version of Charlie Parker's "Hot House" in a crowded hotel lobby. He practices singing.

If Moody doesn't practice every day he gets irritable. Musicians practice, period. No excuses. Although he'll be 70 next year, there's still so much to practice. To begin with, he needs to keep in shape on three saxophones and a flute. Play all the major and minor scales starting on every note in them. Learn every song you know in all 12 keys. Sit down and write your own songs and practice them too. He's really just getting the handle on all of it.

King Pleasure's recorded version of Eddie Jefferson's vocal adaptation of Moody's alto saxophone improvisation on "I'm in the Mood for Love" became a hit. Aretha Franklin and Van Morrison did it too. Now Moody sings his version of their vocal interpretations of his improvisation. "Every musician should know how to sing," he said. "If you can't sing it you can't play it."

He was irritable tonight. Maybe he hadn't practiced today. "Look over there. People smoking. Makes me crazy." He couldn't really ask them to stop because the upstairs bar of the club La Villa had been declared a fire-free zone. Downstairs his numerous "no-smoking" signs were cowering the crowd of customers in the club. He waved the smoke away and said: "People are always imposing things on you."

He stopped to hug and kiss a musician who had come through the door and to give him a Moody T-shirt and then continued: "I've said this many times. Blessed are those who run around in circles for they shall be known as big wheels. They run the music business. Big wheels run the medical profession. The medical profession sucks. When something's wrong with you, the doctors look in the book and it says take some capsaicin. You say 'Will this



Saxophonist James Moody

help?' And they say, 'Well, there might be 12,000 side effects.' Big wheels think they know what people need. The people are getting nothing but lies."

Shaken by this unexpected explosion, I resisted the urge to light up. He was looking at me with raised eyebrows and asking, "Are you ready for this?" flushed. "How do you recognize the truth when you see that?" Somebody who takes a little effort to do things different and tell the truth,

that scares them. You know what? There is no truth in the world."

"None?"

"You name me one."

"I'm thinking..."

"Well if you have to stop and think about it don't you think we're in trouble?

They tell you smoking's O.K., it's just a habit. But it's not a habit, it's an addiction. Like eating's an addiction. You ought to eat to stay alive. Eat to live. But people are living to eat."

"That's just gluttony."

"Sure. Think of the reason for that. People are bored. Having dinner cuts the boredom."

"Yeah, but if people had good quality food at dinner it would suffice and they would not be hungry again before they go to bed. They are never satisfied because what they are eating isn't nourishing them."

"What do you eat?"

"Live food — lettuce, apples, oranges, brown rice. Meat is dead food. Here I ate wrong. The French tempted me."

"Where are you going next?"

"Mexico City, New York for a week, L.A., Chicago, a jazz cruise and three weeks in Germany. Everything is 'cool,' as they say."

Moody was born in 1925 in Savannah, Georgia, and came of age in Newark, New Jersey. He picked up a saxophone when he was 16. (His father played trumpet with Tiny Bradshaw.) Drafted, James played in an army band. Released, he joined Dizzy Gillespie in 1946 and it has been basically cool for him for almost 50 years. He is happily married to a woman he met at the Bahai church. He's been nominated for a Grammy, has hits, worked continually as a sideman (several years in Las Vegas hotel bands), a guest star and a leader. But his name is inextricably linked to Dizzy (who was also a Bahai). He was his musical director, sidekick and stand-in. Combined as it is with an engaging stage presence and an enthusiastic song delivery, his no-nonsense upper-echelon improvising makes him a unique performer. On a good night he's just about unbeatable.

LONDON THEATER



Michael Maloney and Sasha Hanau in a scene from "Alice's Adventures Under Ground" at the National

A Funny and Savage 'True West'

By Sheridan Morley
International Herald Tribune

LONDON — A decade after it was first seen over here, Sam Shepard's "True West" comes into the Donmar Warehouse in a truly stunning new production by Matthew Warchus. The story is of two brothers arriving at their mother's Southern California home and effectively demolishing it and each other, as they fight out a fraternal battle that is almost biblical in its Cain and Abel intensity.

One brother is a smooth Hollywood screenwriter on the make, the other a rough burglar. For two hours they swap roles again and again, while Warchus has had the intelligent notion of having his two leading players take on the two characters for alternate nights.

The performance I witnessed had Mark Rylance as the nervous writer and Michael Rudko as the thuggish dropout, and Shepard's central joke is, of course, that in a California where everyone is self-invented anyway, it only takes a couple of conversations from Cain to become Abel.

This is a wondrous, raw energy here that makes even much of Mamet look tame by comparison, allied to a brutally funny realization that the great American frontier dream of self-improvement and self-sufficiency now adds up to little more than the willingness to steal a few electric toasts

from complaisant neighbors in the desert.

Marcia Warren as the brothers' bemused mother, and David Henry as a gargantuan Hollywood producer, add cameos of distinction but this is really a two-man play and as Rylance and Rudko prowl around each other, giving two of the best-contrasted and indeed best performances in town, "True West" seems somehow a stronger, funnier and more savage play than I recall from its first staging in Britain in the early 1980s.

IT IS tempting to take Noel Coward's "A Song at Twilight" (Greenwich) as a closer autobiography; the story is of an old, gay author who has managed to conceal his homosexuality from an intolerant world, but only at the cost of warping his own talent and cutting off all human sensibilities and sympathy.

This was the last play Coward wrote, and in it he made his farewell West End appearance in 1966. "Like Dolly," he wrote in his diary after a long exile, "I am back where I belong." Yet, as he explained to me at the time, the play was in truth not so much about himself as about Somerset Maugham.

The issues it raises are, however, central to any understanding of Coward, who declined to reveal his own homosexuality not because he had any problems with it but because he thought his by now somewhat aged and conservative audience just might.

In its faintly creaky, Edwardian way, "A

Song at Twilight" is a morality play about the importance of being true to yourself and never allowing public prudence to invade private ethics. The only problem with Tom Smith's new production at Greenwich is that it is woefully undercast in an appalling set, and seems oddly unwilling to drive itself forward with any real energy.

As the old author, John Quentin captures the clenched agony but none of the charisma, while the women in his life (roles created by Lili Palmer and Irene Worth) are equally subdued. For all that, "A Song at Twilight" predates and foreshadows many latterday AIDS plays in its plea for a more enlightened world.

On the Cottesloe stage of the National, the dramatist Christopher Hampton and the choreographer Martha Clarke have come together for "Alice's Adventures Under Ground," a curiously undramatic trip around Lewis Carroll's Wonderland, all of which takes place in the author's studio as he is attempting to photograph the little girl who is his current protégé Alice.

Carroll's interests in pioneer Victorian photography and (somewhat more uneasily) pubescent girls are now well enough documented, and neither Hampton nor Clarke seem to have much to add.

Thus we get Michael Maloney pottering around the stage as a melancholy, haunted author, Sasha Hanau as his dangerous muse and three other actors briefly bringing to life such familiar highlights as the Mad Hatter tea party. But nowhere is it clear what this is all for.

Shepard Dissects American Soul

By Stephen Holden
New York Times Service

NEW YORK — The most colorful character in Sam Shepard's elegiac new play "Simpatico" is a former bigwig in the California horse-racing world who has been forced through scandal to relocate and start over under an assumed name. The man, once known as Simms (James Gammon), now calls himself Ames and holds a low-echelon job with the Kentucky Racing Commission.

A gruff, raspy-voiced throwback to 1940s detective movies, he works in a grimy office whose most distinguishing feature is a leather chair decorated with the horns of a steer. Visited by Vinnie (Fred Ward), a self-styled private eye who helped arrange his downfall 15 years earlier, Simms seems hardly to remember his previous life or the man who disgraced him.

Waxing nostalgic, Simms laments the disappearance of movies like "Double Indemnity" and "The Maltese Falcon" because, he says, they were

"pictures with a plot you could sink your teeth into."

"Simpatico," which opened Monday night at the Joseph Papp Public Theater here, is Shepard's highly idiosyncratic take on the film-noir genre. Set in the world of professional horse racing, with a labyrinthine plot involving blackmail, false identities and two women (one angelic, the other demoniac), it has the mood and trap-deceptive yarn that Simms misses so keenly.

But "Simpatico," like Shepard's earlier plays, has much loftier aspirations than simply paying tribute to a favorite genre. Like all of his work, it has characters who carry a heavy symbolic weight. That symbolism will be familiar to Shepard watchers, especially those who recall his "True West," the play to which "Simpatico" stands as kind of a long, reflective epilogue. Here, as before, the power struggle between two men evokes an American society with a divided soul, one part "civilized," the other primitive and intuitive.

As the play opens, Carter is visiting Vinnie in Cucamonga, in hopes of severing their relationship once and for all. He offers Vinnie a large cash payment in exchange for the negatives of pornographic pictures Vinnie took of Rosie cavington in a motel with Simms.

But Vinnie has other plans. Several of the pictures, he says, are in the hands of Cecilia (Marcia Gay Harden), a woman he has just met who he claims is suing him for harassment. When Carter visits Cecilia, hoping to wheedle the evidence away from her, he discovers that nothing Vinnie has said about her is true.

The plot turns into a wild-goose chase in which Carter tries to recover the incriminating pictures, while Vinnie revisits the past and discovers that the evidence, which he carries around

"Simpatico" may be symbolically provocative, but it isn't especially gripping.

This play's two combatants, Carter (Ed Harris) and Vinnie, are childhood friends who grew up in Cucamonga, California. Their lives have taken divergent paths since they collaborated 15 years earlier on the race-fixing scheme that destroyed Simms's life. Carter, who now lives in Kentucky, has become a powerful businessman. Vinnie, who subsists on money paid to him by Carter so he will keep quiet about the past, is a shady lowlife, resentful of Carter's affluence.

In HIS spare time, he picks up women whom he impresses by pretending to be a detective. Adding to Vinnie's wounds is the fact that Carter stole his girlfriend Rosie (Beverly D'Angelo) and married her.

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The plot turns into a wild-goose chase in which Carter tries to recover the incriminating pictures, while Vinnie revisits the past and discovers that the evidence, which he carries around

in a shoe box, has lost much of its incendiary potential. As Carter loses control over Vinnie, he begins to disintegrate.

To the extent that "Simpatico" portrays a man who sold his soul for worldly goods in conflict with an unsocialized, intuitive adversary who is more in touch with its roots, "True West" Once again, the down-and-out character schemes to gain the upper hand, and the wild pioneer spirit shows up the phoniness and effete ness of so-called civilization.

This fable may have plenty of potential for explosive stage drama, but the playwright has directed it in surprisingly languid style.

And then, as Vaughan's voice transformed from silk to velvet, McRae, too, aged in the fascinating way of only the best jazz singers. When opera singers lose their voices, they become impresarios. When rockers age, we find the very idea of their continued performance cause for derisive laughter. But in jazz, a great singer is two artists: the young Ella's superhuman range and irrepressible cheer, and decades later, matronly Ella, master of timing and wit.

In her early years, McRae lacked Fitzgerald's playful giddiness. Nor was she the bombshell of the PR types tried to produce in publicity stills of her in ermine coats and processed hair.

Yet even in those early years, McRae found ways to use her magic: A startling soprano coda on "Summertime" is tucked onto her cameo on Sammy Davis Jr. — only after nature and half a century of smoking turned her voice into a winter blanket of a contralto did she become one of the greats.

In the '50s, McRae won fame and recognition. She won Downbeat polls, she sang with the Count Basie band. But she was second-best, an interesting character who didn't quite rank with Billie Holiday, Ella Fitzgerald or Sarah Vaughan.

On that song, as on so many others, Carmen McRae knew how to find the autumn in a tune.

McRae knew how to find the autumn in a tune.

She was such a smart singer, no one knew quite what to do with her. She ended up playing with Benny Carter, the wise professor of the big band world. And she drifted awkwardly, like almost everyone else in jazz through the '60s, trying on Stevie Wonder tunes and finding that they did not fit.

She was not revolutionary, like Betty Carter, or European exotic, like Nina Simone. But by the mid-1970s, she was on her way back. She cast off the big bands, whose bright brass she had never been able to compete with. She settled into smaller settings, according to the guitarist Joe Pass and the bassist Ray Brown, or with the Shirley Horn Trio.

And McRae mastered the scratches and strains of her old woman's voice, applying her classical training and her strength to express the night. She developed the courage to record a cappella solos. She sang songs of Blossom Dearie, lyrics of the night's loves and romps, its reeling dives, its terror and anguish.

In the last years, suffering from a series of bronchial ailments, McRae knew she could do less, but she knew how to do so much more with it.

The Brilliant Twilight of Carmen McRae

By Marc Fisher
Washington Post Service

WASHINGTON — Jazz, the critic Whitney Balliett has written, is a night creature. It was only in the twilight of Carmen McRae's years that she found the freedom to dwell in that darkness.

McRae, who died Thursday at 74, would have left behind a very different legacy had she died 20 years ago. For it is only in her last years, only after she survived the producers who paired her with 40-piece orchestras and the record company executives who made her share vinyl space with Sammy Davis Jr. — only after nature and half a century of smoking turned her voice into a winter blanket of a contralto did she become one of the greats.

In the '50s, McRae won fame and recognition. She won Downbeat polls, she sang with the Count Basie band. But she was second-best, an interesting character who didn't quite rank with Billie Holiday, Ella Fitzgerald or Sarah Vaughan.

Curtis was spotted in "Golden Boy," in a Greenwich Village revival, by the secretary of the New York branch of a Hollywood film company, and within a week he was offered a ticket for Los Angeles, where a seven-year contract was waiting for him.

Hollywood in the postwar years wanted new blood, fresh faces and, if possible, talent. Curtis was introduced to Burt Lancaster and Yvonne de Carlo, who would play the leads in

"Criss Cross." Curtis's first film, "Romances and Westerns" at Universal followed and Curtis soon had a wide audience in the United States, Europe and Asia.

Curtis kept fit with dancing, fencing, riding, boxing, swimming, taking stunts himself and daring high-wire numbers in "Trapeze." An elocution coach was summoned to remove his New York accent, but he refused the offer, and only later improved his delivery.

Laurence Olivier, when they were working together on "Spartacus," inquired of Curtis how to keep his arms strong. Curtis advised push-ups and the great actor repaid him by explaining, "Clothes are the thing for acting. Dress the part, look at yourself, and you are the part."

Curtis married the actress Janet Leigh, and their marriage lasted more than 10 years. He

has been married four times and has six children.

Marilyn Monroe met Curtis when they were nobodies in Hollywood. Years later, she was the cinema's crème de la crème, and Billy Wilder had composed a wild furor about Prohibition-era Chicago, "Some Like It Hot," for Monroe and Curtis. Monroe had become a monster, suffering the effects of drugs and alcohol, and when a reporter asked Curtis what it was like working with her on screen, he replied, "It's like kissing Hitler." It was one of Monroe's last films.

Curtis had more sympathy for Orson Welles who had become a glutton and had to enter a Hollywood restaurant by the backdoor to gobble his meals in secret. His favorite actor, whom he considered his second father, was Cary Grant.

There is a grim chapter on Curtis's slavery to cocaine. During his recovery he pursued painting, inspired by Matisse and Joseph Cornell.

His book is amusing, candid and informative. He objects to the Method training of actors; many do, including the great Olivier. Curtis took another road and has accomplished much, in the movies and in his autobiography.

His book is amusing, candid and informative. He objects to the Method training of actors; many do, including the great Olivier. Curtis took another road and has accomplished much, in the movies and in his autobiography.

The New York Times
This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on list are not necessarily consecutive.

FICTION

Last Week

Astronomical cost has kept the future of personal communications up in the air.

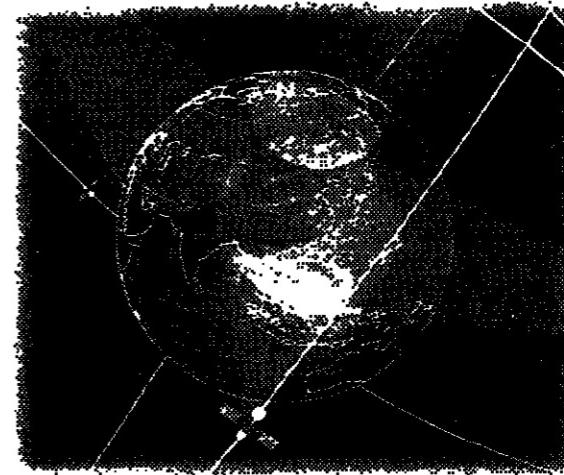
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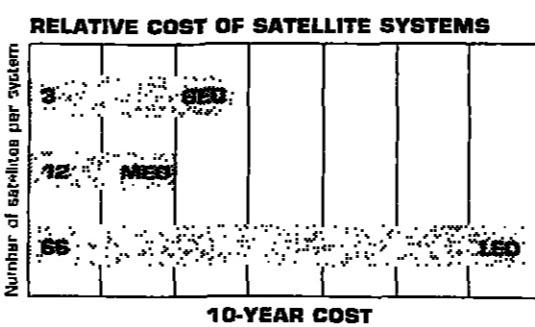
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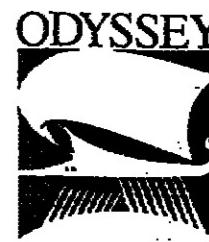


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BUSINESS

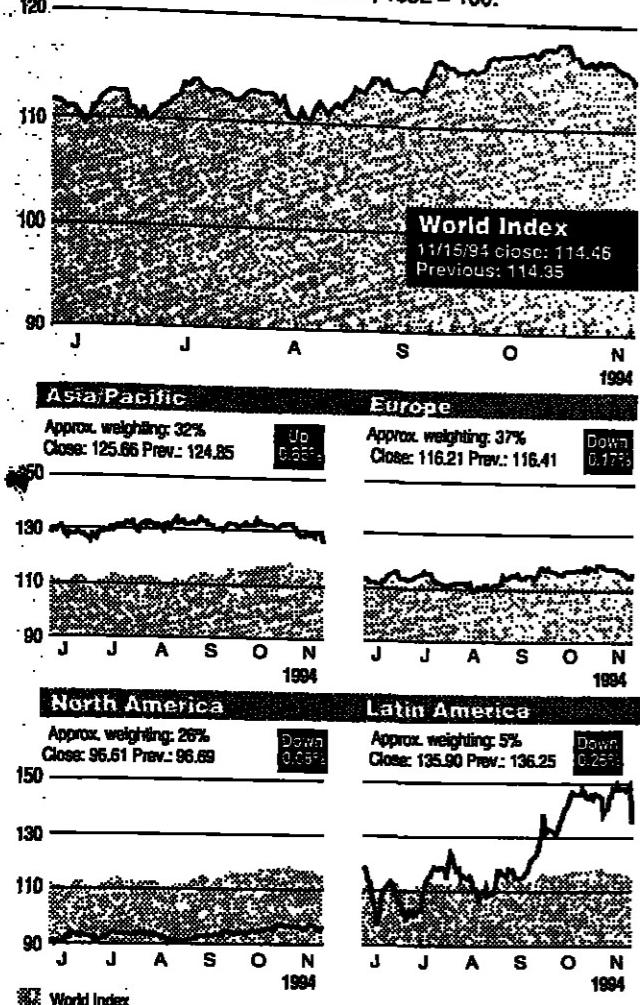
International Herald Tribune, Wednesday, November 16, 1994

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THE TRIB INDEX: 114.46

International Herald Tribune World Stock Index ©, composed of 280 internationally investable stocks from 25 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Argentine, Australia, Austria, Belgium, Brazil, Canada, France, Germany, Hong Kong, Italy, Mexico, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland and Venezuela. For Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization; otherwise the ten top stocks are tracked.

For more information about the index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92251 Neuilly Cedex, France.

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MEDIA MARKETS

This Bud's Not for DMB&B

By Stuart Elliott

New York Times Service

NEW YORK — It is last call for one of the longest relationships in advertising. Anheuser-Busch Cos. has started Madison Avenue by dismissing the St. Louis office of D'Arcy Masius Benton & Bowles Inc., which has served as the sole agency for its flagship Budweiser beer brand since 1915.

Effective in 90 days, creative responsibilities on the estimated \$125 million account of Budweiser, America's best-selling beer, will be consolidated at the Chicago office of DDB Needham Worldwide Inc., a unit of Omnicom Group Inc., which handles the light, dry and ice-brewed versions of the brand.

Bud Light in particular has had robust growth in the last two years, fueled by numerous commercials from DDB Needham Chicago featuring an inept bar who asserts, "Yes, I am," when his many outlandish claims are challenged.

Until Sunday, when Anheuser-Busch executives notified D'Arcy Masius Benton & Bowles executives of the dismissal, the ties between America's largest brewer and one of the world's largest agencies had withstood all manner of challenges — even Prohibition, when Anheuser-Busch produced products in lieu of beer such as Bevo, a nonalcoholic malt-based beverage, and Carcho, a chocolate-flavored soft drink.

D'Arcy Masius Benton & Bowles began working on Budweiser 32 years after Anheuser-Busch began brewing and distributing the brand. It was under DMB&B's stewardship that Budweiser surpassed Schlitz in the late

See BEER, Page 18

1950s to become the No. 1 beer in the United States, a rank it has never relinquished.

But that relationship could not survive the intensely competitive nature of the contemporary beer market.

Budweiser sales have declined because of consumers' weakening brand loyalties, as they have increasingly experimented with dozens of lighter, tastier, more flavorful brews, including several being rushed onto shelves by Anheuser-Busch.

"It's a big step for Anheuser to sever that relationship," said Emanuel Goldman, an analyst with PaineWebber Inc. in San Francisco who follows the \$50 billion U.S. beer industry.

"Yet the domestic brewing business is more competitive than it has ever been," he added. "That being the case, you really want to bring out our best."

Those feelings were reflected in a statement by Patrick T. Stokes, president of Anheuser-Busch in St. Louis.

"The people at D'Arcy have done a tremendous job in helping us create memorable brand-building advertising," he said. "While this was not an easy decision, we believe Anheuser-Busch is best served at this time by combining these major brand assignments under one roof."

The creative duties on other Anheuser-Busch assignments, with billings estimated at \$50 million, will be handled by various agencies. They include the Michelob line of higher-priced beers; O'Doul's, a nonalcoholic brew, and a moderation campaign carrying the theme, "Know when to say when."

While the cost-reduction from consolidat-

ing

(Bloomberg AP, Reuter)

CURRENCY & INTEREST RATES

Cross Rates

	\$	E	DM	F.F.	Lira	DPF	R.P.	S.F.	Yen	CS	Peseta
Amsterdam	1.703	2.243	1.089	0.520	1.000	1.000	1.000	1.000	1.275	1.275	1.275
Brussels	3.175	5.045	2.015	1.000	1.000	1.000	1.000	1.000	2.025	2.025	2.025
Frankfurt	1.503	2.497	—	1.000	1.000	1.000	1.000	1.000	1.133	1.133	1.133
London (G)	1.585	2.617	2.417	1.000	1.000	1.000	1.000	1.000	1.205	1.205	1.205
Paris	1.205	2.028	1.014	2.427	1.000	1.000	1.000	1.000	1.185	1.185	1.185
New York (N.Y.)	1.205	2.028	1.014	2.427	1.000	1.000	1.000	1.000	1.185	1.185	1.185
Tokyo	9.48	15.81	1.029	1.029	1.000	1.000	1.000	1.000	1.195	1.195	1.195
Zurich	1.384	2.345	0.809	1.000	1.000	1.000	1.000	1.000	1.205	1.205	1.205
1 ECU	1.305	2.019	1.017	1.000	1.000	1.000	1.000	1.000	1.185	1.185	1.185
1 GBP	1.487	2.028	2.282	1.000	1.000	1.000	1.000	1.000	1.185	1.185	1.185

Other Dollar Values

Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$
Canadian	1.228	Hong Kong \$	7.783	U.S. dollar	1.000	U.S. dollar	1.000	U.S. dollar	1.000	U.S. dollar	1.000
Aust. dollar	10.825	Irish pound	16.14	New Zealand \$	1.245	Swiss franc	1.205	U.S. dollar	1.000	U.S. dollar	1.000
British	0.625	Indian rupee	1.000	Malaysian ringgit	2.445	U.S. dollar	1.000	U.S. dollar	1.000	U.S. dollar	1.000
Chinese yen	8.677	Irish pound	2.028	Polish zlote	2.283	U.S. dollar	1.000	U.S. dollar	1.000	U.S. dollar	1.000
French franc	4.625	Irish pound	2.028	Pt. escudo	1.574	U.S. dollar	1.000	U.S. dollar	1.000	U.S. dollar	1.000
German mark	2.785	Irish pound	2.028	Rupee, rupee	31.02	U.S. dollar	1.000	U.S. dollar	1.000	U.S. dollar	1.000
Italian lira	2.028	Irish pound	2.028	Venez. boliv.	1.673	U.S. dollar	1.000	U.S. dollar	1.000	U.S. dollar	1.000
Swiss franc	2.295	Irish pound	2.028	Swiss franc	1.000	U.S. dollar	1.000	U.S. dollar	1.000	U.S. dollar	1.000
Swiss franc	2.295	Irish pound	2.028	Venez. boliv.	1.673	U.S. dollar	1.000	U.S. dollar	1.000	U.S. dollar	1.000
Swiss franc	2.295	Irish pound	2.028	Swiss franc	1.000	U.S. dollar	1.000	U.S. dollar	1.000	U.S. dollar	1.000
Swiss franc	2.295	Irish pound	2.028	Venez. boliv.	1.673	U.S. dollar	1.000	U.S. dollar	1.000	U.S. dollar	1.000

Forward Rates

Currency	30-day	60-day	90-day	CURRENCY	30-day	60-day	90-day
Canadian	1.250	1.250	1.250	Canadian dollar	1.261	1.266	1.267
Pound Sterling	1.545	1.545	1.545	Japanese yen	97.95	97.95	97.94
Swiss franc	1.292	1.292	1.292	U.S. dollar	1.000	1.000	1.000

Source: IMF (Amsterdam); Industrie Bank (Brussels); Banca Commerciale Italiana (Milan); Banca d'Italia (Rome); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR). Other data from Reuters and AP.

European Trade Authority Clipped

By Tom Buerkle
International Herald Tribune

BRUSSELS — If the European Union's trade partners were frustrated by the bloc's convulsions over agriculture that nearly derailed world trade talks last year, they haven't seen anything yet.

Europe's ability to conclude trade agreements was made more difficult Tuesday when the European Court of Justice ruled that the EU's executive body, the European Commission, must share authority over trade in services and intellectual property with the Union's member countries.

The ruling was a setback for the Brussels-based commission, which had sought to extend its existing authority over merchandise trade to growth areas such as financial services. It was a victory for France that had tried to clip the commission's wings ever since the farm-trade dispute.

A spokesman for France's mission in Brussels said the government was "satisfied" with the ruling.

The decision worried out-

Clinton Bends on GATT

International Herald Tribune

WASHINGTON — President Bill Clinton endorsed Tuesday a legislative maneuver suggested by Senator Bob Dole that could smooth the way for congressional ratification of the new global tariff-reduction accord.

Mr. Clinton, speaking in Jakarta, acknowledged that "populists" in both the Democratic and Republican parties were worried that the dispute-resolution process under the General Agreement on Tariffs and Trade would undermine U.S. sovereignty.

This is the central issue Mr. Dole, a Republican from Kansas who is due to become the Senate majority leader next year, has raised, and he has urged talks with the White House on clarifying legislation.

Mr. Clinton for the first time endorsed this approach, saying he believed it was possible for Congress to pass a measure outside the GATT agreement "which would make it clear that our sovereignty was intact."

It was not clear exactly what form new legislation would take. According to one report, Mr. Dole would back GATT ratification only if Mr. Clinton supported a reduction in capital gains tax.

side countries, who are likely to face a more fractious negotiating posture from Europe.

But in the short term, the ruling should enhance prospects for EU countries to ratify the Uruguay Round trade agreement by the year-end target, EU officials said. Several

countries have held up ratification pending the judgment.

At a meeting in Geneva on Tuesday, officials from Europe, the United States, Japan and Canada renewed their determination to ratify the accord on time and establish the World Trade Organization, GATT's powerful successor. Jan. 1.

Sir Leon Brittan, the EU trade commissioner, said the court ruling at least provided "a clear basis" on which Europe could participate in the WTO. He said the Luxembourg-based court said there was a "duty of cooperation" between the commission and EU countries on trade matters where authority is shared.

But officials at the Council of Ministers, which represents EU member countries, said the ruling had clearly reinforced national powers to set EU trade policy and left the commission more of an executor of that policy.

"Nothing has changed," a council official said. "The commission's thesis has been completely negated by the court."

See GATT, Page 17

Vehicle Sales Power Volvo to Record Profit

By Erik Ipsen

International Herald Tribune

LONDON — Volvo AB said

Tuesday that a surge in demand

for its trucks and cars had

pushed profit for the first nine

months of the year to a record

for any publicly traded Swedish</p

MARKET DIARY

Fed's Rate Increase Whipsaws Stocks

Compiled by Our Staff From Dispatches
NEW YORK — U.S. stocks closed little changed Tuesday after the Federal Reserve touched off concern about slower economic growth in 1995 by raising interest rates for a sixth time this year.

The Dow Jones industrial average closed 3.37 points lower at 3,826.36, but it rose as high as

U.S. Stocks

3,856.31 and fell as low as 3,807.86 in turbulent trading.

Advancing stocks outnumbered declining shares slightly on the Big Board, where trading swelled to 336.34 million shares from 260.42 million shares Monday.

Prices initially rose then reversed course after the Fed announced its rate increase of three-quarters of a percentage point. Shortly after the increase was announced, sell orders sliced about 22 points from the Dow industrials.

The chief concern is that higher rates mean competition for stocks, traders said. "Why be in the stock market if you can lock in nice rates for the time being?" asked Richard

Meyer, head of institutional equity trading at Ladenburg, Thalmann & Co.

Other investors said the Fed had shown it was determined to fight inflation and that this would ultimately help stocks, in part by boosting bonds and the dollar.

The rate increase will "clear the stage for a nice sustainable rally in the next few days," based on expectations of moderate economic growth, rising corporate profits and the prospect of a more pro-business Congress, not investors' perception of what the Fed is doing, said Don Hays, director of investment strategy at Wheat First Butcher Singer.

Among the stronger gainers, Hewlett-Packard ended 34 higher at 983 after rising as much as 2½% with expectations for the company's fourth-quarter earnings.

Dayton Hudson fell 3½ to 80½ after the retailer said it would invest \$1.3 billion in 1995 in new stores and remodeling. Dell Computer rose 3½ to 47 after it unveiled a new series of computers using Intel Corp.'s Pentium microprocessor. Whirlpool rose 1¾ to 53 after saying it would close two plants.

(Bloomberg, AP)

Buyers Flock to Dollar After U.S. Rate Rise

Compiled by Our Staff From Dispatches

NEW YORK — The dollar rallied to a six-week high Tuesday against the Deutsche mark after the Federal Reserve raised U.S. interest rates by three-quarters of a percentage point. They're caught up with inflation, traders' concern about inflation. We've seen the lows for the dollar this year."

"This is what the market wanted," said Earl Johnson,

Foreign Exchange

currency advisor at Harris Trust & Savings Bank in Chicago. Many traders and analysts had felt that the Fed had raised rates too slowly to control the inflation that often accompanies strong economic growth.

The dollar rose to 1.5558 Deutsche marks from 1.5446 DM on Monday, and to 98.75 yen from 98.30 yen. It rose to 5.3425 French francs from 5.3095 and to 1.3101 Swiss francs from 1.2972. The pound fell to \$1.5720 from \$1.5865.

The rate increase eased concern among investors that the Fed had not raised rates fast enough to control inflation.

Amy Smith, an analyst at IDEA, a research firm, said the dollar was seeing "a good bounce." She said the rate rise was "a sign that they are taking some aggressive action," adding that the rate increase "was certainly warranted on economic grounds."

But she said the size of the move had precluded the possibility of a second rate increase in December.

Ms. Smith described the rise as a "positive showing" by the Fed at this time, but added she did not think the move would be enough to quell concern about rising inflation.

"I don't think it's going to address the inflation threat" in the longer term, she said.

(Bloomberg, AFX)

WORLD STOCK MARKETS

Agency France Presse Nov. 15

Close Prev.

Ciba Declares It Is Interested In Chiron Stake

Compiled by Our Staff From Dispatches

ZURICH — Ciba-Geigy AG said Tuesday it was holding talks to buy a stake in Chiron Corp., an American biotechnology company.

The announcement confirmed rumors of the talks that had been circulating on Wall Street since Friday.

Such a purchase could help Ciba secure its position as a biotechnology leader with an ample source of research money while giving Ciba access to Chiron's research. Ciba already holds 6 percent of Chiron.

But the Swiss company said there could be no assurance that a final agreement would be reached.

Ciba said the talks also involved the contribution of its diagnostic business and its interest in a joint venture with Chiron to develop vaccines.

Ciba's diagnostics business had sales of \$45 million in 1993. It makes equipment that help doctors diagnose diseases.

Chiron, which is based in Emeryville, California, said last week it was holding talks about selling a substantial minority stake to an unnamed buyer. Chiron's stock price jumped 20 percent Friday. The stock rose a further 4 percent Monday, but on Tuesday it was off \$2.00 at \$72.25 in late trading.

On Monday, Ciba-Geigy bearer shares fell 3 percent, to 746 Swiss francs (\$575). Dealers said the negative market reaction had been linked primarily to short-term fears of a dilution of earnings and ignored the longer-term benefits of a strategic alliance with Chiron. The shares rose 7 on Tuesday, to 753.

A newspaper report Monday, citing unidentified sources, said Chiron was negotiating to sell a 49 percent stake to Ciba for nearly \$2 billion.

Tuesday's statement did not mention any specific figures, and a Ciba spokesman refused to provide them.

Ciba and Ciba each own half of two vaccine ventures, Biocine Co. in the United States and Biocine SpA in Italy.

This year Chiron said it was interested in teaming up with Ciba-Geigy to buy American Cyanamid Co.'s \$354 million-a-year vaccine business.

Ciba had 7.2 billion Swiss francs in cash and marketable securities at the end of 1993, and analysts have said it would have no problem financing a major acquisition.

A stake in Chiron would give Ciba access to Chiron's research and development pipeline and products including drugs, eye products, vaccines and medical tests. Chiron would get money to continue its research. Research costs at Chiron consumed \$140 million last year, or 58 percent of its revenue.

Ciba-Geigy, based in Basel, Switzerland, is a world leader in biological and chemical products.

Its sales amounted to \$15.3 billion in 1993, including nearly \$4.5 billion from pharmaceutical products.

Its American division, Ciba-Geigy Corp., based in Ardsley, New York, is a leading developer and manufacturer of health care and agricultural products and specialty chemicals for industry.

Chiron is involved in four main businesses — drugs, diagnostics, vaccines and eye products.

This year it introduced Betaseron, the first drug to treat paralysis stemming from multiple sclerosis.

Analysts said Ciba's possible acquisition of a stake in Chiron reflected the Swiss company's need to strengthen its position in the biotechnology sector.

Meinrad Gyr, an analyst at Crédit Suisse, said a strong biotechnology sector was "a must" for any pharmaceutical company to remain competitive and at the forefront of research.

(AP, AFX, Bloomberg)

Inflation, Not Fluctuation

That's the New Job for Central Banks

By Paul Lewis

New York Times Service

For the world's central bankers, the stage these days may be smaller, but their role has become bigger.

In the 1980s, when Paul A. Volcker was chairman of the Federal Reserve Board and Karl Otto Pöhl led the Bundesbank, central bankers starred in the drive to curb global inflation, sharing top billing with the finance officials of the seven largest industrial countries in moving currency rates up and down to cope with trade imbalances.

Now, their successors are playing to smaller crowds, limited primarily to the domestic scene. They have largely abandoned efforts to act in unison on exchange rates, particularly after the collapse of the European Monetary System two years ago.

Within that narrower drama, however, the central banker's anti-inflation cause — bolstered by the growing power of traders in the freely fluctuating capital markets to call the tune — has taken over center stage.

Indeed, the meeting Tuesday of the Fed's monetary policy committee has produced an interest-rate increase motivated as much by bond traders' demands for a show of Fed resolve to fight inflation as by any strong indications that prices are about to rise.

Central banks still intervene in currency markets occasionally as the Fed did recently when it bought dollars to stem the currency's decline against the yen and Deutsche mark.

But there has been no repeat of the Plaza-Accord of 1985, when the United States and its major trading partners united to drive down the dollar. Nor has there been the kind of concerted intervention that took place two years later under the agreement reached at the Louvre in Paris to halt the dollar's slide.

"There has been nothing comparable to the Plaza-Louvre agreements — probably because governments' hearts aren't in it any more," Mr. Volcker said. "They are reluctant to set exchange-rate targets these days."

But in contrast to their declining power over currency movements, central bankers are gaining more authority domestically.

Politicians, struggling everywhere to curb public spending and no longer sure that cheap credit creates jobs and popularity, are increasingly granting their central bankers the stature and independence they need to fight inflation.

A growing number of countries, emulating the German and U.S. models, have given their central banks more leeway to set interest rates on their own. But even as central bankers are eclipsing politicians in setting monetary policy, they are finding their own starring roles constricted by legions of private investors in the capital markets.

"Central banks are becoming more independent because that is the best assurance

they will follow a stable noninflationary monetary policy," said William J. McDonough, president of the Federal Reserve Bank of New York.

Moreover, Mr. McDonough contended, a stable domestic policy also should pay dividends internationally.

"Low inflation is the best assurance of exchange rate stability," he said.

Apart from keeping inflation low, central bankers acknowledge there is little they can do to impose stability on floating currencies. This was aptly illustrated at the annual meeting of the International Monetary Fund and the World Bank last month in Madrid.

Officials there declared that misaligned and volatile exchange rates inflicted significant damage on a country's economy. But when C. Fred Bergsten, director of the Institute for International Economics in Washington, suggested that central banks act to enhance stability by setting official exchange-rate "target zones" and intervening to defend them, he got little support.

Hans Tielemeyer, president of the Bundesbank, said the power of global traders to move markets "sets limits to formalizing exchange rates."

Except for the United States, Germany and Switzerland, most countries have long given elected officials, rather than the central bank, powers to set rates directly. This has tempted politicians to manipulate monetary policy.

"Central banks under the direct control of governments seem inevitably to be tempted to promote easy-credit policies, particularly when elections are near," Mr. McDonough warned.

Academic research suggests that independent central banks preside over lower rates of inflation. In 1993, Alberto Alesina of Harvard University and Lawrence H. Summers, now the senior international official at the Treasury Department, showed that Germany and Switzerland, which have the most independent central banks, also had the best record on inflation. The United States, the Netherlands, Canada and Japan were close behind.

A third group of countries — including France, Norway, Sweden, Britain, Italy and Spain — has more politically subservient central banks and poorer inflation records.

Earnings Double At Svenska

Compiled by Our Staff From Dispatches

STOCKHOLM — Svenska Handelsbanken AB said Tuesday that a reduction in its provision for loan losses helped its operating profit more than double in the first nine months of the year.

The bank posted an operating profit of 3.18 billion Swedish kronor (\$441 million), up from 1.29 billion kronor in the first nine months of 1993. Earnings were helped by a 59 percent reduction in the loan-loss provision, to 2.14 billion kronor.

Problem loans, which are the sum of net bad debts and reduced-rate loans, fell 41 percent, to 7.36 billion kronor.

But the bank's interest income fell 14 percent in the period, to 6.46 billion kronor. That reflects a fall in the amount lent by the bank and shrinking margins between lending and deposit rates. But this trend showed signs of reversing in the third quarter, the bank said.

Keith Brown, an analyst at Morgan Stanley & Co. in London, said the results were in line with expectations and that most analysts had expected the lower loan-loss provision.

The bank's expenses rose 3 percent in the period, to 4.23 billion kronor.

(Bloomberg, AFX)

Banesto Figure Accused of Fraud

Agence France-Presse

MADRID — Mario Conde, the former president of Banco Español de Crédito SA, was charged Tuesday with fraud and management of the bank, judicial sources said.

The National Audience, Spain's highest prosecuting authority, filed the charges.

Nine other members of the former Banesto management team are being prosecuted as well. Mr. Conde and his former colleagues are accused of falsification and embezzlement.

Banco de Santander SA bought Banesto in April as part of a rescue operation.

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
2000	3300	2200
2000	3200	2100
2000	3100	2000
2000	3000	1900
2000	2900	1800
2000	2800	1700
2000	2700	1600
2000	2600	1500
2000	2500	1400
2000	2400	1300
2000	2300	1200
2000	2200	1100
2000	2100	1000
2000	2000	900
2000	1900	800
2000	1800	700
2000	1700	600
2000	1600	500
2000	1500	400
2000	1400	300
2000	1300	200
2000	1200	100
2000	1100	90
2000	1000	80
2000	900	70
2000	800	60
2000	700	50
2000	600	40
2000	500	30
2000	400	20
2000	300	10
2000	200	10
2000	100	10
2000	0	0

Sources: Reuters, AFP

International Herald Tribune

Very briefly:

Boots Co. bought back 96.13 million of its shares, or about 8.2 percent of the total outstanding, in a move aimed at bolstering earnings per share.

British Telecommunications PLC said it won a "very large" order from Microsoft Corp., to develop a data communications network in Europe and the Asia-Pacific region.

Zurich prosecutors launched a preliminary inquiry into possible insider trading in connection with CS Hollings's takeover of Neue Argauische Bank.

France said the number of new jobs rose 0.4 percent in the third quarter after climbing 0.6 percent in the second.

Fiat SpA is negotiating to take control of Sevel Argentina SA, Argentina's largest auto maker, a Sevel official said.

Sedgwick Group PLC, a British insurer, reported a 19 percent rise in profit, to £78.1 million (\$124 million), and cited an exceptional profit from the sale of units in the third quarter.

General Accident PLC of Britain said its pretax profit rose 56 percent, to £321.6 million, in the first nine months. Analysts had forecast profit of between £323 million and £355 million.

Daimler-Benz AG's chairman-elect, Jürgen Schrempp, predicted dramatic improvement in results for the company this year after the sharp loss in 1993. "The direction of the group is good," he said. "The turnaround in the results in this year will be clear."

Germany's Economics Ministry said it would make slight changes in the way it releases monthly data to try to avoid leaking information to the markets.

Egypt will offer the private sector a role in power generation next year, Electricity Minister Maher Abaza said.

Royal PTT Nederland NV said it would group its multimedia activities in a new company. PTT Multimedia, Bloomberg, AFP, Reuters, AP, Knight-Ridder

Senior Iberia Managers Cut Their Own Salaries

Bloomberg Business News

MADRID — Ten senior managers at Iberia Air Lines agreed Tuesday to take a 15 percent salary cut — the same sacrifice they are asking of the national airline's workers to save it from bankruptcy.

A news release signed by Juan Saez, the company's chairman, and nine other members of its board said the reduction was "indispensable for the viability of the company."

Iberia's management has asked unions to accept a 15 percent pay reduction and 2,120 job cuts. The company had a loss of 69 billion pesetas (\$543 million) last year.

Javier Salas, the company's president, said last week that unless costs were cut severely, the airline could go bankrupt in early 1995. A cost-cutting plan is also necessary for European Union approval of a 130 billion-peseta subsidy that Iberia is seeking from the Spanish government.

Telefónica Says 9-Month Net Rose

Continued from Page 15

U.S. economy's performance on a cyclical basis, there also was a "qualitative difference." The U.S. recovery, she said, has been led by consumer spending, productivity gains and investment, whereas Europe's recovery has been fueled by exports and capital investment, with consumer demand still weak.

Many economists say, however, that interest-rate trends are likely to be more in step with one another by the middle of next year, as the pace of European and Japanese recoveries picks up.

John Lipsky, chief economist at Salomon Brothers Inc. in New York, said that in 1995 the

economic growth rates of the United States and Europe may be similar, but the United States is more likely to be in a "decelerating mode" while European and Japanese growth will still be accelerating.

The prospect of interest rate trends converging again next year also means that European and Japanese equity markets could outperform the American market in 1995. David Hale, chief economist at Kemper Financial Services Inc. in Chicago, said that for investors, "the key to Europe and Japan should be stable interest rates and large corporate profit gains, while the U.S. offers rising interest rates and decelerating profit gains."

VOLVO: Vehicle Sales Power Firm to Record Profit billion kronor over the next few years.

Faced with the need now to develop and produce new car models, the question is whether the company should press ahead on its own or wait until — as company officials say they are keen to do — it is able to sign up new partners that can sign up new partners that can

natively resulting in overly long delivery times.

Analysis attributed the delays to the fact that the company is already running flat out and badly needs to reach a decision on whether to pour cash into boosting capacity.

In spite of its strong sales figures, many analysts insist that Volvo still faces a dim future as an independent carmaker unless it can forge alliances to develop new models with other manufacturers.

Mr. Hayes, for instance, describes the prospect of shoveling money from divestitures into developing new car models as "frittering away the family

Foreign Sales Powered Matsushita's 1st-Half Net

Compiled by Our Staff From Dispatches

TOKYO — Matsushita Electric Industrial Co. said Tuesday that stronger overseas sales and cost cuts helped its net profit rise 49 percent, to 23.8 billion yen (\$240 million), in the six months ended Sept. 30.

The maker of consumer electronic products said sales rose 4.7 percent, to 3.37 trillion yen, and that home-electronic and information and industrial equipment had posted the strongest gains.

Overseas demand was clearly the driving force in the latest period. Overseas sales jumped 8 percent, despite the impact of the yen's appreciation, to 1.71 trillion yen, or 51 percent of the total, while domestic sales edged up only 1 percent, to 1.66 trillion yen.

As a result of the improved economic conditions, Matsushita raised its forecasts for both sales and profit for the full year, which ends in March 1995.

It raised its prediction of net profit 20 percent, to 72 billion yen. Its previous forecast, in May, expected sales to be little changed for the current year.

but Matsushita now expects a 3.9 percent advance, to 6.88 trillion yen.

Sales in Matsushita's home electronics division rose 12 percent as a revival in consumer demand and a summer of record high temperatures in Japan

Nomura's Profit Takes a Tumble

Agence France-Presse

TOKYO — Nomura Securities Co. said Tuesday its pretax profit for the six months ended in September fell 84 percent from a year earlier.

The brokerage concern said lower trading volume in Japan was one reason pretax profit dropped to 8.7 billion yen (\$89 million) from 55.5 billion. Net profit plunged to 1.6 billion yen from 25.5 billion.

The company said revenue had fallen 14 percent, to 291 billion yen. Commission income fell 12 percent, while underwriting and distribution revenue rose 39 percent, to 57 billion yen.

(AP, Reuters)

China Family Car May Get Mercedes Or Porsche Input

Reuters

BEIJING — The luxury carmakers Mercedes-Benz AG and Porsche AG of Germany said Tuesday they were among 12 global car companies that have entered an informal contest for the chance to be involved in the manufacture of a boxy, cheap vehicle destined to become China's "family car."

Both leading German carmakers covet the increasingly voracious market for private cars in China, where sales are forecast to soar from 350,000 this year to 3 million by 2010.

Getting in now, they said, was crucial to taking a share of a long-range market described by the official China Daily as "about 300 million potential car owners."

Both unveiled their entries at news conferences in Beijing and were to give detailed private presentations at the Ministry of Machine-Building Industry.

Mercedes-Benz, Porsche and other European, U.S. and Japanese carmakers will use the private meetings this week to push their visions of the perfect car for the Chinese family.

The competition was announced in May when Beijing, reversing decades of support for public transport, decided that a capital-intensive family car industry would become an economic pillar of its emerging "socialist market economy."

The two German companies' entries were similar — boxy minicars with advanced technology and prices low enough for China's nascent consumer class — but their strategies differed sharply.

While Porsche is loathe to lend its pedigree name to a cheap Chinese-made car, Mercedes is warmer to the idea, seeing the China market as central to its long-term strategy.

Jürgen Hubbert, a board member, said market realities were forcing Mercedes to accept change.

"Research shows that demand in developed countries will not go much beyond 36 million to 37 million cars a year, while in the next

20 years all growth will be in China, Southeast Asia and similar places," Mr. Hubbert said.

"To participate in this growth, you have to produce cars at a cost level that people here can afford. We have to understand that with this kind of development, we cannot remain only as an upper-luxury carmaker."

The question is whether the Mercedes name and emblem should grace the hood of a Chinese-made minicar selling for as little as \$1,200 a month at its factory at Antur in Northern Ireland.

He said Britain's per capita gross national product was two and a half times that of South Korea, yet South Korean labor costs were about 5 percent higher than in Britain.

Mercedes has begun moving toward a car for the masses with its A-class in Europe, a design Mr. Hubbert said would be easy to adapt for China.

Mercedes has not decided exactly how it would proceed with the project, now being called "Family Car China," if its design is approved, he said.

Porsche is taking another approach that it hopes will protect the exclusivity of its brand name, while enabling the company to tap China's market potential.

Noting that Porsche makes sports cars and provides automotive engineering to others, Wendelin Wiedeking, the company's president, said any cars that it might make for China would not be called Porsches.

Daewoo Warns on Labor Costs

Compiled by Our Staff From Dispatches

SEOUL — The cost of factory labor in South Korea now outstrips that in Britain, although productivity remains relatively low, the president of Daewoo Electronics Co. said Tuesday.

Bae Soonhoon said the world electronics industry had excessive production capacity and that labor costs in South Korea were a potential time bomb that could undermine Daewoo's international competitiveness. He said the industry faced a period of slow growth, making survival the bottom line for companies like Daewoo.

Mr. Bae said average wages for workers at the Daewoo Electronics factory in Kumi, South Korea, were \$1,300 a month, compared with an average of \$1,200 a month at its factory at Antrim in Northern Ireland.

He said Britain's per capita gross national product was two and a half times that of South Korea, yet South Korean labor costs were about 5 percent higher than in Britain.

"How long can we sustain these high labor costs? Either GNP growth should be faster or labor costs go down," Mr. Bae said.

He said the country should aim for double-digit growth in the next few years, and he criticized the government for holding growth to single digits because of inflation worries.

If labor costs continue to rise, "labor will manage the economy," he said.

As for expanding into North Korea now that the government has lifted some restrictions on trade with Pyongyang, Mr. Bae said the North may have an emotional attraction for Koreans but was not attractive in business terms.

He said North Korea's relatively small population did not make the country as likely a target for expansion as China or some other Asian countries.

But he warned that South Korean companies should invest in the North if Seoul wanted to avoid a mass migration of North Korean workers to the South in case of reunification.

(Reuters, Bloomberg)

Investor's Asia



International Herald Tribune

Very briefly:

- South China Morning Post (Holdings) Ltd. plans to increase the circulation of its newspaper in China to 8,000 daily from 5,000 and hopes to add a mainland printing facility.
- National Australia Bank Ltd. is expected by banking analysts to post full-year earnings of between 1.65 billion dollars and 1.76 billion dollars (\$1.24 billion to \$1.32 billion), which would be the highest ever for an Australian listed company.
- News Corp. debt was upgraded to positive from stable by Standard & Poor's Corp., which said the media giant should have enough funds to pursue its expansion plans.
- The Japanese Department Store Association said sales at Tokyo stores fell 4.5 percent in October from a year earlier, their 32nd consecutive monthly drop.
- Yamaha Corp.'s pretax profit more than doubled, to 6.1 billion yen (\$62 million), in the first half of the year, helped by brisk sales of audio equipment and cost-cutting.
- Australia's drought could wipe as much as one percentage point from gross domestic product growth and raise consumer prices, government officials and the National Farmer's Federation said.
- The Karachi Stock Exchange plans to revise its 100-share price index to reflect a threefold increase in market capitalization and the listing of 190 companies over the past three years.
- Japanese prosecutors arrested Kazuhiko Takizawa, a doctor from Chiba, on suspicion of having violated securities law when he sold shares in Nippon Shoji Kaisha Ltd. last year. The arrest was the first to result from an investigation of insider trading.
- Hong Leong Asia, the industrial arm of Hong Leong Corp. of Singapore, bought a controlling stake in Henan Xinfai Electric Co., a leading refrigerator maker in China, for about 300 million yuan (\$35 million).
- Vietnamese banks started issuing checkbooks to individuals in Hanoi under a pilot program launched by the central bank.

Reuters, AFP, AP, Bloomberg, Knight Ridder

Taiwan Still Wary on Foreign Funds

Bloomberg Business News

TAIPEI — Taiwan should restrict stock investments by foreigners in high-technology companies, Liang Kuo-shu, the central bank governor, said Tuesday.

According to a summary of his remarks provided by the bank, he said that high-technology companies were the driving force in Taiwan's economic development and that excessive foreign stock ownership could crowd out local investors. This could in turn cause volatility in share prices and open the door to hostile takeovers, he said.

"This is an industrial policy problem," Mr. Liang was quoted as saying in the Commercial Times on Tuesday.

Rules on foreign stock investment in Taiwan are among the most burdensome in Asia, foreign securities industry executives say. Authorities generally restrict foreign ownership of shares acquired at the Taiwan Stock Exchange to a maximum of 10 percent of a listed company's total.

Individual foreign institutions are allowed to buy no more than 5 percent of a company's

shares at the exchange. Investment in technology-related companies is currently covered by these rules.

Securities authorities, who favor liberalization of rules on foreign stock funds, have tried for more than a year to have both ceilings lifted, but the cabinet has not yet agreed to any such move.

The central bank has generally opposed any relaxation of rules because of concerns that increased inflows of foreign funds would tend to push up the Taiwan dollar and make Taiwan's exports more expensive.

Securities authorities recently proposed a public hearing on policies toward foreign stock investment, and the central bank supports holding a hearing as long as people with varying opinions are allowed to speak, a bank spokesman said.

Taiwan has allowed foreign financial institutions to directly purchase shares at the Taiwan Stock Exchange since 1991. The country bans stock purchases by foreign individuals.

Besides restricting foreign ownership of individual shares, the government has imposed a ceiling on direct investment by foreign financial institutions, and it requires foreign investors to obtain permission before bringing in funds.

Liz Claiborne to Suspend Business Links With Burma

New York Times Service

NEW YORK — Liz Claiborne Inc., one of the largest apparel makers in the United States, will suspend business with Burma in protest over human rights abuses under the country's authoritarian regime.

Jerome A. Chazen, the chairman of Liz Claiborne, said last week that the company could not "support the activities" of Burma's current government.

The decision may be largely symbolic, as Burma provides less than 1 percent of the volume of goods that Liz Claiborne buys from other countries. China, where the company does considerably more business, has also been a subject of human rights complaints, but Liz Claiborne has no plans to re-examine its com-

mitments there, a spokesman said.

Clothing industry analysts said news of Liz Claiborne's decision could nevertheless depress Burma's apparel industry.

Burma, which has a population of 43 million, is controlled by a military junta that seized power in 1988.

In 1992, Levi Strauss & Co. suspended business with Burma after learning that the military junta owned an interest in several apparel factories.

PepsiCo Inc., which has a minor interest in a bottling operation in Burma and Unocal Corp., which is planning a \$1 billion offshore pipeline there, have received shareholder resolutions in the last few weeks asking them to end their operations there, company officials said.

On December 8th, the IHT plans to publish a Sponsored Section on

European Union: Profiting From Partnerships

Among the topics to be covered are:

- How cohesive is the Union?
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- Corporate partnerships and joint ventures.

This supplement coincides with the EU Summit in Essen, Germany, at which 5,000 extra copies will be distributed.
For further information, please contact Bill Maher in Paris at (33-1) 46 37 93 78, fax (33-1) 46 37 50 44.

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AMEX**Tuesday's Closing**

Tables include the nationwide prices up to the closing of Wall Street and do not reflect trades elsewhere. Via *The Associated Press*

12 Month High Low Stock									
Dur	Ytd	PE	100s	High	Low	Latest Chg.	Div	Yld	PE
91% 8 AM Int'l	.54	64	121	142	34	+5%			
12% 10 AM Int'l R	—	—	21	21	12	+1%			
20% 12 AM Int'l R	—	—	10	10	10	+10%			
20% 13 AM Int'l R	—	—	10	10	10	+10%			
20% 14 AM Int'l R	—	—	10	10	10	+10%			
20% 15 AM Int'l R	—	—	10	10	10	+10%			
20% 16 AM Int'l R	—	—	10	10	10	+10%			
20% 17 AM Int'l R	—	—	10	10	10	+10%			
20% 18 AM Int'l R	—	—	10	10	10	+10%			
20% 19 AM Int'l R	—	—	10	10	10	+10%			
20% 20 AM Int'l R	—	—	10	10	10	+10%			
20% 21 AM Int'l R	—	—	10	10	10	+10%			
20% 22 AM Int'l R	—	—	10	10	10	+10%			
20% 23 AM Int'l R	—	—	10	10	10	+10%			
20% 24 AM Int'l R	—	—	10	10	10	+10%			
20% 25 AM Int'l R	—	—	10	10	10	+10%			
20% 26 AM Int'l R	—	—	10	10	10	+10%			
20% 27 AM Int'l R	—	—	10	10	10	+10%			
20% 28 AM Int'l R	—	—	10	10	10	+10%			
20% 29 AM Int'l R	—	—	10	10	10	+10%			
20% 30 AM Int'l R	—	—	10	10	10	+10%			
20% 31 AM Int'l R	—	—	10	10	10	+10%			
20% 32 AM Int'l R	—	—	10	10	10	+10%			
20% 33 AM Int'l R	—	—	10	10	10	+10%			
20% 34 AM Int'l R	—	—	10	10	10	+10%			
20% 35 AM Int'l R	—	—	10	10	10	+10%			
20% 36 AM Int'l R	—	—	10	10	10	+10%			
20% 37 AM Int'l R	—	—	10	10	10	+10%			
20% 38 AM Int'l R	—	—	10	10	10	+10%			
20% 39 AM Int'l R	—	—	10	10	10	+10%			
20% 40 AM Int'l R	—	—	10	10	10	+10%			
20% 41 AM Int'l R	—	—	10	10	10	+10%			
20% 42 AM Int'l R	—	—	10	10	10	+10%			
20% 43 AM Int'l R	—	—	10	10	10	+10%			
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20% 45 AM Int'l R	—	—	10	10	10	+10%			
20% 46 AM Int'l R	—	—	10	10	10	+10%			
20% 47 AM Int'l R	—	—	10	10	10	+10%			
20% 48 AM Int'l R	—	—	10	10	10	+10%			
20% 49 AM Int'l R	—	—	10	10	10	+10%			
20% 50 AM Int'l R	—	—	10	10	10	+10%			
20% 51 AM Int'l R	—	—	10	10	10	+10%			
20% 52 AM Int'l R	—	—	10	10	10	+10%			
20% 53 AM Int'l R	—	—	10	10	10	+10%			
20% 54 AM Int'l R	—	—	10	10	10	+10%			
20% 55 AM Int'l R	—	—	10	10	10	+10%			
20% 56 AM Int'l R	—	—	10	10	10	+10%			
20% 57 AM Int'l R	—	—	10	10	10	+10%			
20% 58 AM Int'l R	—	—	10	10	10	+10%			
20% 59 AM Int'l R	—	—	10	10	10	+10%			
20% 60 AM Int'l R	—	—	10	10	10	+10%			
20% 61 AM Int'l R	—	—	10	10	10	+10%			
20% 62 AM Int'l R	—	—	10	10	10	+10%			
20% 63 AM Int'l R	—	—	10	10	10	+10%			
20% 64 AM Int'l R	—	—	10	10	10	+10%			
20% 65 AM Int'l R	—	—	10	10	10	+10%			
20% 66 AM Int'l R	—	—	10	10	10	+10%			
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20% 69 AM Int'l R	—	—	10	10	10	+10%			
20% 70 AM Int'l R	—	—	10	10	10	+10%			
20% 71 AM Int'l R	—	—	10	10	10	+10%			
20% 72 AM Int'l R	—	—	10	10	10	+10%			
20% 73 AM Int'l R	—	—	10	10	10	+10%			
20% 74 AM Int'l R	—	—	10	10	10	+10%			
20% 75 AM Int'l R	—	—	10	10	10	+10%			
20% 76 AM Int'l R	—	—	10	10	10	+10%			
20% 77 AM Int'l R	—	—	10	10	10	+10%			
20% 78 AM Int'l R	—	—	10	10	10	+10%			
20% 79 AM Int'l R	—	—	10	10	10	+10%			
20% 80 AM Int'l R	—	—	10	10	10	+10%			
20% 81 AM Int'l R	—	—	10	10	10	+10%			
20% 82 AM Int'l R	—	—	10	10	10	+10%			
20% 83 AM Int'l R	—	—	10	10	10	+10%			
20% 84 AM Int'l R	—	—	10	10	10	+10%			
20% 85 AM Int'l R	—	—	10	10	10	+10%			
20% 86 AM Int'l R	—	—	10	10	10	+10%			
20% 87 AM Int'l R	—	—	10	10	10	+10%			
20% 88 AM Int'l R	—	—	10	10	10	+10%			
20% 89 AM Int'l R	—	—	10	10	10	+10%			
20% 90 AM Int'l R	—	—	10	10	10	+10%			
20% 91 AM Int'l R	—	—	10	10	10	+10%			
20% 92 AM Int'l R	—	—	10	10	10	+10%			
20% 93 AM Int'l R	—	—	10	10	10	+10%			
20% 94 AM Int'l R	—	—	10	10	10	+10%			
20% 95 AM Int'l R	—	—	10	10	10	+10%			
20% 96 AM Int'l R	—	—	10	10	10	+10%			
20% 97 AM Int'l R	—	—	10	10	10	+10%			
20% 98 AM Int'l R	—	—	10	10	10	+10%			
20% 99 AM Int'l R	—	—	10	10	10	+10%			
20% 100 AM Int'l R	—	—	10	10	10	+10%			
20% 101 AM Int'l R	—	—	10	10	10	+10%			
20% 102 AM Int'l R	—	—	10	10	10	+10%			
20% 103 AM Int'l R	—	—	10	10	10	+10%			
20% 104 AM Int'l R	—	—	10	10	10	+10%			
20% 105 AM Int'l R	—	—	10	10	10	+10%			
20% 106 AM Int'l R	—	—	10	10	10	+10%			
20% 107 AM Int'l R	—	—	10	10	10	+10%			
20% 108 AM Int'l R	—	—	10	10	10	+10%			
20% 109 AM Int'l R	—	—	10	10	10	+			

INTERNATIONAL HERALD TRIBUNE, WEDNESDAY, NOVEMBER 16, 1994

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ABN AMRO BANK, P.O. Box 390, Amsterdam		101.21	
ab Columbia Securities			
ab Trans-Europe Fund Fd	Ft	138.24	
ab Trans Europe Fund S	\$	71.39	
ab Unirent	Ft	52.29	
ab ABINCO Funds		229.20	
ab New Japan Marcom, Ltd. 322-04949-220			
ab Latin America Eq Fd	\$		
ab North America Eq Fd	\$	59.41	
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ab Germany Bond Fd B	DM	49.61	
ab AIG FUND MANAGEMENT Ltd		79.43	
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ab AIG Balanced World Fd	\$	319.02	
ab AIG Emerging Mktks Bd Fd	\$	106.94	
WAIG Euro Fund Plc	ECU	101.51	
ab AIG Euro Stable Cst Fd Plc	\$	111.42	
ab AIG Europe Eq Fd Plc	\$	133.62	
ab AIG Japan Fund		107.57	
ab AIG Japan Small Cos Fd		14.95	
ab AIG Latin American Eq Fd	\$	147.03	
ab AIG Mid-Countries Bd Fd Plc	\$	101.92	
ab AIG South East Asia Fd		263.94	
ab AIG Life Fund	ECU	9.79	
ab UBS Euro-GoldenFest Fund Ecu	Ecu	11.36	
ab UBS Discovery Fund S		115.02	
ab UBS Discovery Fund DMA	DM	122.07	
ab UBS Discovery Fund ECU	ECU	128.36	
ab UBS Discovery Fund SF	SF	123.44	
ALFRED BECK			
ab Alfred Beck Norden	\$	214.34	
Alfred Beck Stock			
ab For East	\$	148.74	
ab Germany	DM	226.22	
ab Japan	Y	172.01	
ab Netherlands	FI	1185.39	
ab North America	\$	227.47	
ab Switzerland	SF	117.23	
ab D.U.K.		73.42	
ALPHA FUND MANAGEMENT, LTD			
ab Pro-Lo-Vita Rd. Hamilton, HAITI	Bermuda		
ab Alpha Asia Hedged (Nov 2)		125.36	
ab Alpha Europe Fund (Sep 26)	Ecu	247.66	
ab Alpha Preferred Fd (Sep 26)		215.51	
ab Alpha Gold Prop Trst Ord 21.5		95.67	
ab Alpha Gold Fund (Sep 26)		97.40	
ab Alpha Gold Fd Cl A/Sep 26		42.13	
ab Alpha Gold Fd Cl B/Sep 26		183.67	
ab Alpha Gold Fd Cl C/Sep 26		180.75	
ab Alpha Pacific Fund (Sep 26)		37.47	
ab Alpha SAM		124.42	
ab Alpha Short-Fd (Oct 31)		85.71	
ab Alpha Smr-T Fd Fic Ipc/Sep 26		112.38	
ab Alpha Weathering (Oct 31)		170.50	
ab BICO/Alpha GIH Hedge Sep 26		119.25	
ab BICO/Alpha Mkt Ntrt Sep 26		90.73	
ab BICO Alpha Euro Hdg Sep 26	Ecu	150.00	
ab Crescendo Asian Hedged Oct 31		150.24	
ab Crescendo Value (Oct 31)		153.12	
ab Crescendo Value (Sep 26)		98.64	
ab Crescendo Value (Sep 26)		144.89	
ab Crescendo Value (Sep 26)		132.06	
ab Crescendo Value (Sep 26)		174.21	
ab Crescendo Value (Sep 26)		140.27	
ab Crescendo Value (Sep 26)		114.48	
ab Crescendo Value (Sep 26)		110.42	
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ab Intermarket Fund		526.90	
ab Intermarket Fund		2572.20	
ab Intermarket Fund S		502.52	
ab Intermarket Obbl Convertibles		544.59	
Intermarket Multicurrency Fund			
in Class A	FF	227.45	
ab Chen D		211.47	
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ab BSL Invest America	\$	422.77	
ab BSL Invest Belgium	BF	1280.00	
ab BSL Invest For East	Y	339.00	
ab BSL Invest Asia		563.13	
ab BSL Invest Latin Amer	\$	422.25	
ab BSL Invest UK		241.75	
ab BSL (L) Goldsmines		136.54	
ab BSL (L) Invest Europe	LF	134.00	
ab BSL (L) Invest World	LF	3431.00	
ab BSL (L) Invest Base Metals		524.49	
ab BSL (F) Investment Fd	FF	424.70	
ab BSL (F) Residual Fd	FF	1476.28	
ab BSL Resid Fd Int'l	LF	2612.00	
ab BSL Resid Fd Int'l	BF	1983.20	
ab Rende-Crescend-Mutual BF	BF	12166.00	
ab Rende-Crescend-Mutual DEM/DEM		521.47	
ab Rende-Crescend-Mutual USD		2051.34	
AMQUIRE BELGE ASSET MGMT FUND			
Store Distributor Guernsey 041-762614			
ab First Equity Fund	\$	12.92	
ab First Bond Fund	\$	15.55	
ab Dollar Zone Bd Fd	\$	11.64	
ab Asia Pacific Region Fd	\$	12.23	
ab India Fund		9.72	
ab Sterling Equity Fd		11.95	
ab Sterling Bd Fund		14.25	
ANQUINE INDOSUB			
The Dragon Fund Show	\$	9.74	
ab Jones Gld Fd A/GJW/H41		97.56	
ab Jones Gld Fd B/JW/H41		107.31	
ab Dual Futures Fd Cl A Units		129.34	
ab Dual Futures Fd Cl C Units		115.89	
ab Maximo Fd Fd Ser. 1 Cl A		127.54	
ab Maximo Fd Fd Ser. 1 Cl B		118.24	
ab Maximo Fd Fd Ser. 2 Cl C		105.64	
ab Maximo Fd Fd Ser. 2 Cl DS		184.88	
ab Indosuez Curr. Cl A Units		104.49	
ab Indosuez Curr. Cl B Units		113.05	
IPNA - J		435.00	
IS Asian Growth Fund		85.24	
IS Asian Reg. Growth Fd Y		876.89	
IS Asia Pacific Gold Fund		71.09	
IS Asia Income Fund		11.15	
Indosuez Korea Fund		13.02	
Shanghai Fund		11.44	
Himelcoy Fund		20.53	
Monaco Fund		34.49	
Starm Fund		10.31	
Indosuez Hong Kong Fund		50.96	
Pacific Trust	Hk\$	38.80	
Tasman Fund		4.86	
Japan Fund		17.95	
Monopole Trust		34.50	
Germione Japan Warrant		8.51	
Indosuez High Yld Bd Fd A-S		90.92	
Indosuez High Yld Bd Fd B-S		96.96	
Maxi Espone	Plus	3015.00	
Maxi France	FF	487.44	
Maxi France %	FF	473.07	
Indosuez Latin America		1T13	
Indosuez MultiMedia Fd		18.05	
BANQUE SCS ALLIANCE-CREDIT BANK			
(422) 244-281, Geneva			
Pletode North Am Equities		102.75	
Pletode Europe Equities	Ecu	128.47	
Pletode Asia Pacific Eq		97.76	
Pletode Environmen Eq		27.59	
Pletode Doller Bonds		93.57	
Pletode ECU Bonds	Ecu	105.80	
Pletode FF Bonds	FF	104.65	
Pletode Euro Conv Bonds	SF	98.98	
Pletode ECU Reserve	Ecu	102.47	
Pletode SF Reserve	SF	103.48	
Pletode FF Reserve	FF	105.49	
BARCLAYS INT'L FUND MANAGERS			
long Kong, Tel: (852) 5251900			
China (PRC)		1.02	
Hong Kong		32.28	
Indonesia		11.21	
Korea		9.54	
Malaysia		24.37	
Philippines		31.14	
Singapore		21.93	
Thailand		40.76	
South East Asia		15.06	
BARING INT'L FD MASTERS (IRELAND) LTD			
SDS REC'D			
FSC HSE Custom-Hse Docks,Dob. 477/284800			
High Yield Bond		9.05	
World Bond FFR	FF	54.92	
BARING INT'L FD MASTERS (IRELAND) LTD			
MON HS REC'D			
Australia		24.04	
Jorse Technology		42.41	
Japan Fund		24.17	
Japan New Generation		30.55	
Natalys & Sharepro		131.79	
North America		27.22	
Octopus Fund		14.34	
Pacific Fund		111.24	
International Bond		1.92	
Euroco Fund		17.57	
Hong Kong		106.19	
Tristar Warrant		22.45	
Global Emerging Mids		15.59	
Latin America		14.69	
Currency Fund Managed		14.43	
Korea Fund		51.99	
Boring Emerging World Fd		18.07	
ICL CURRENT FUND		1.02	
BSD US Cash Fund		542.48	
BSD Ecu Cash Fund	Ecu	424.26	
BSD Swiss Franc Cash	SF	524.17	
BSD Int'l. Bond Fund-Ecu		518.48	
BSD Int'l. Bond Fund-Ecu		441.07	
BSD N' American Equity Fd		510.55	
BSD European Equity Fund	Ecu	596.73	
BSD Asian Equity Fund		141.26	
BSD US Bond Cap Fund		107.72	
BSD JPY	BF	292.08	
SDG GROUP OF FUNDS			
BSD US Cash Fund		542.48	
BSD Ecu Cash Fund	Ecu	424.26	
BSD Swiss Franc Cash	SF	524.17	
BSD Int'l. Bond Fund-Ecu		518.48	
BSD Int'l. Bond Fund-Ecu		441.07	
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BSD US Bond Cap Fund		107.72	
BSD JPY	BF	292.08	
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SPORTS

Owners to Alter Salary Cap Plan

The Associated Press

NEW YORK — Major League Baseball owners will drop their demand for a salary cap in their new collective bargaining proposal, and instead will ask players to agree to a payroll and revenue "tax" that would help small-market clubs.

The shift, revealed Monday by the owners' chief negotiator, John Harrington, will be the focus of management's first new collective bargaining proposal since June 14.

The proposal will be given to the union Thursday when talks to settle the 96-day-old strike resume in Washington.

"It's not a salary cap in the strictest terms," said Harrington, the Boston Red Sox chief executive. "A tax concept can look like a salary cap, and any tax plan is meant to put some controls on labor costs."

"All payrolls would be taxed at a low percentage," he added. "All clubs would be affected above a certain level."

The significance of the new plan will depend on the level of the tax. A high percentage presumably would be rejected by the union. A lower number could lead to new negotiations.

A shift from a salary cap had been expected since three days of talks between players and owners ended Saturday.

"I wouldn't get overly optimistic about movement off the cap because there are tax programs that are worse than a salary cap and tax programs that are better," said a union lawyer, Gene Orza. "It doesn't make me more pessimistic or optimistic. I just want to see it."

Tax concepts were discussed informally in early September by

Harrington, Jerry McMorris, the Colorado Rockies chairman, and union officials. Players proposed that the top 10 revenue-producing clubs pay 1.6 percent of their income into a fund to be distributed to small-market clubs with lower revenues.

A similar tax on the top 16 payrolls also would be redistributed.

The acting commissioner, Bud Selig, rejected the plan, saying the tax rate would be insignificant.

The players said the top 16 teams by revenue and payroll should be taxed," Harrington said. "We feel there should be some other rationale for what level payrolls should be taxed. These are some of the variations we are discussing."

"We're going to try to marry the best parts of the luxury tax with general payroll tax," he added. "The players understand our main theme is to provide some collective control on labor costs."

When owners proposed a salary cap — a ceiling on a team's total payroll — players said they would never accept one.

The owners haven't budged since, and that fundamental disagreement was what led to the Aug. 12 strike, which caused the World Series to be canceled for the first time since 1904.

If a new collective bargaining agreement is not reached by mid-December, the owners may choose to impose their terms on the players, which is their right under federal labor law.

If they choose to do so, as Harrington pointed out Monday, the implemented system could include their original proposal containing a salary cap.



Pressured by the Steelers' Rod Woodson, Buffalo's Russell Copeland (85) watched the ball slip away. Two big defensive plays by Woodson resulted in Pittsburgh touchdowns.

'Big Dog' in Shoes of a Savior: NBA Rookie Feels the Pressure

By Jennifer Frey
New York Times Service

MILWAUKEE — They are Boy Scout troop leaders and advisers and they have come from all over the state of Wisconsin to discuss the future of their organization.

For the moment, though, there are more pressing things taking place on the gym floor one story below. Faces pressed against the glass, eyes straining downward, they are watching a tall, lanky young man challenge a player more than 10 years his senior to a simple game of H-O-R-S-E.

Legs crossed, back to the net, one hand on his neck, the ball in his right hand, the young man easily makes the basket from just inside the 3-point line. The spectators grin.

His name is Glenn Robinson, but when word of his presence spreads through the Archbishop Cousins Center, it is his nickname that they use.

"It's the Big Dog," they whisper. "He's practicing in the gym."

Wisconsin natives have waited, both anxiously and patiently, for the arrival of Robinson, a gifted player who in

June was taken first in the National Basketball Association draft by the Milwaukee Bucks.

Hailed as the future savior of a franchise on the decline, Robinson held out for a contract of epic proportions — at one point, his agent reportedly requested what would have been the first \$10 million deal in pro sports — and he eventually signed a multiyear deal for \$68.1 million just moments before the tipoff on the Bucks' opening night.

His arrival in Milwaukee, then, has caused nothing short of a sensation.

The locals hope he will return the Bucks to the prominence they held when another former first-round pick, Kareem Abdul-Jabbar (1969), led the team. And the league is so eager to see Robinson become one of the standout players that it is in the post-Magic-Bird-Jordan era that Commissioner David Stern nudged both sides when contract negotiations were stalled.

The pressure on Robinson, then, is nothing short of tremendous.

"I think it's a combination of everything," Robinson said, when asked what has been the most difficult ad-

justment. "The media is a little bit more pushy. The fans are a little bit more pushy because they want you to get out there and win. The players in the league — everybody's very good, very strong. You just have to know how to deal with all of it."

"People say there's pressure on me here," he added, "but I've been facing pressure my whole life."

Robinson grew up in Gary, Indiana, with his mother, Christine Bridgeman, who gave birth to her only son when she was a teenager. His father, Glenn Robinson Sr., also lives in Gary; Glenn Jr. does not like to talk about his father, and is guarded when asked about his childhood friends and family members.

He is not hesitant, though, to defend Gary, a city with high rates in both crime and unemployment. The citizens of Gary see Robinson as a point of pride and a great hope, much the same way Milwaukee natives believe he will resurrect the ailing Bucks.

League observers don't quite know what to make of Robinson this early in his pro career. Certainly, he has the talent potential, the contract and the

nickname — as well as a major endorsement deal pending with Nike — that accompany the typical NBA superstar, but it remains to be seen how he will fare both on and off the court.

Set back by his absence from training camp, he already is playing catch-up to fellow rookies Grant Hill of Detroit and Jason Kidd of Dallas, who have started their seasons strongly.

And, off the court, his reaction to the news media and the public spotlight is more along the lines of a Patrick Ewing — who limits the media's access to him and is extremely guarded about his personal life — than the league's reigning personalities, Charles Barkley and Shaquille O'Neal.

"I think it's better to be here," said Robinson, who is wary of what he has called "crazy stories" in the news media and prefers small-market Milwaukee for that reason, among others.

For the most part, Robinson just wants to be with his new teammates, who call him "rook" and make him pick up the balls after practice like any other rookie. Outside of Robinson, the Bucks are a low-key bunch: Vin Baker, the team's best player last season, is a

second-year pro out of the little-known North Atlantic Conference. Marty Carlon, the hero of late, was an undrafted journeyman who will make less than \$175,000 this year.

Robinson's recent game of "H-O-R-S-E" was played against assistant coach Butch Carter. It came at the end of a voluntary Bucks practice that was scheduled, more or less, so that Robinson would have some teammates to help him run through still-unfamiliar Bucks' plays.

On the court the previous night against Charlotte, Robinson scored 10 points on 50 percent shooting in the first half, but was shaky in the second. It didn't matter, though, to the fans, who consistently cheered his presence on the floor.

"I think they're all just happy to see me here playing," Robinson said. "That's all that matters to them."

And that's all that matters to the Boy Scout leaders, who watch Robinson line up for another shot. Top of the key, knees bent, one hand behind his back, glass required.

The ball banks off the backboard, as demanded. The rest is all net.

Owner of NHL Kings Charged With Fraud

Compiled by Our Staff From Dispatches

LOS ANGELES — Bruce McNall, president and partner of the National Hockey League's Los Angeles Kings, has been indicted on federal charges of bank fraud and conspiracy over loans he obtained from financial institutions.

Assistant U.S. Attorney Richard Drooyan said McNall had been charged Monday with engaging in a wide-ranging scheme to defraud banks of more than \$236 million in loan proceeds over a 10-year period from 1984 to 1994.

The indictment alleges that McNall, 44, once considered one of the most successful sports franchise owners in the United States, obtained loans from at least six banks by falsely inflating his personal worth and setting up sham companies.

McNall, who was charged with one count of conspiracy, two counts of bank fraud and one count of wire fraud, faces 45 years in prison and a fine of up to \$1.75 million.

He is scheduled for arraignment Nov. 28 before a U.S. magistrate. His lawyer said that McNall, whose 1988 trade for Wayne Gretzky heightened hockey interest in Southern California, would plead guilty to the charges.

He is alleged to have embarked on his multimillion-dollar fraud scheme in September 1984, when he borrowed \$35 million from European American Bank and Credit Lyonnais Bank Nederland for one of his film production companies.

McNall is alleged to have obtained a further loan of \$14 million from Crédit Lyonnais Bank Nederland by creating a "sham" company called U.S. Coin Enterprises. (Reuters, AP)

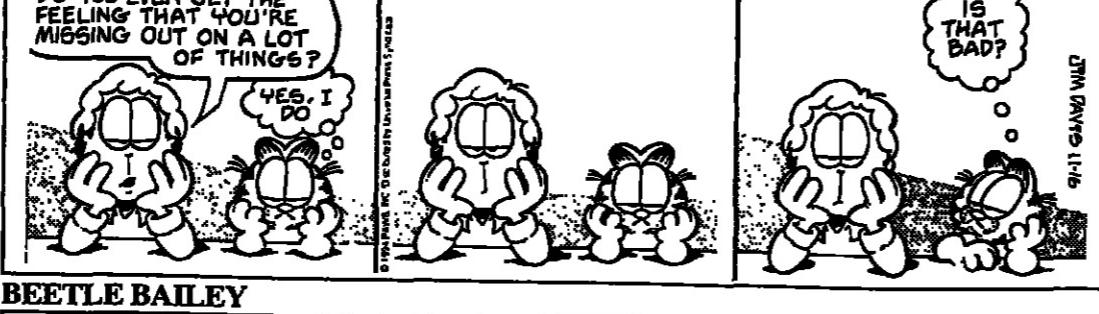
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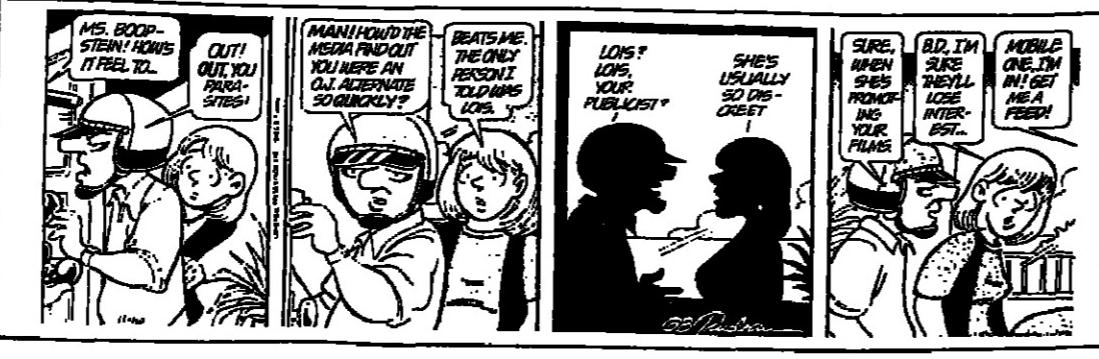
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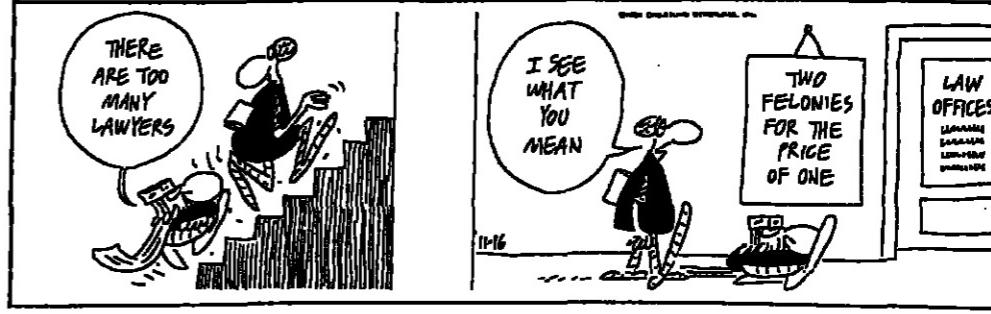
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Unscramble these four letters to form your ordinary words.
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ENOMAY
PLOATS
Print answer here:
Yesterday's Jumble: ADDY COOLY BALSAM DROGIC
Answer: The pure scented lotion sold in a
dairy — THE GRAS BAO

Steelers' Defense Outscores The Bills as Offenses Stumble

By Timothy W. Smith

New York Times Service

PITTSBURGH — After watching both the Bills' and Steelers' offenses stumble around the field at Three Rivers Stadium, one thing is clear: Pittsburgh's defense is certainly fun to watch.

The Steelers used a battering defense that harried the Bills' quarterback, Jim Kelly, jarred the ball loose from receivers, and rendered Buffalo's offense completely ineffective.

Then that same defense became a spectacular scoring machine with two great individual plays by cornerback Rod Woodson that resulted in two Steeler touchdowns. It even came up with a blocked field goal when defensive end Brenton Bruckner deflected a 32-yard attempt by Bills kicker Steve Christie with 13 minutes 54 seconds to play.

The result Monday night was a 23-10 National Football League victory for Pittsburgh (7-3), which remains a game behind Cleveland (8-2) in the American Football Conference's Central Division. The loss dropped the Bills to 5-5 and jeopardized their playoff hopes.

Kelly finished with 22 completions in 43 attempts for 212 yards. He threw one touchdown pass, but was intercepted twice.

Woodson scored on a 37-yard interception return for a touchdown in the second quarter. In the third quarter, he jarred the ball loose from Kelly on a sack for an eight-yard loss. The ball bounced around in the end zone and defensive end Gerald Williams fell on it for a touchdown that made it 23-10.

For its part, the Steelers' offense served as nothing more than a distraction until the de-

fense could come back on the field. Midway through the fourth quarter, the Steelers offense had converted just 1 of 11 third-down attempts.

In the first half, the Bills certainly didn't play like the team that had dominated the AFC landscape the last four seasons. Sometimes they resembled that team when they switched out of

the two-back set they have deployed in the last few games into their no-huddle attack with three wide receivers — a staple the last four years.

It didn't help. Kelly was harassed for much of the first half by the Steelers' front seven. There was no escape. By the two-minute warning, Kelly had been sacked four times and the Steelers had moved past Dallas as the league leader in sacks with 33. Buffalo managed just 80 yards of total offense on 31 plays in the first half and running back Thurman Thomas was held to just 16 yards on six carries.

It was the defense that provided the first-half spark for Pittsburgh. The defense provided the Steelers with the first TD of the game when Woodson baited Kelly on a sideline throw to receiver Bill Brooks.

With two receivers split right, Woodson laid off Brooks, the outside receiver, by 10 yards. Timmy Kelly's pass, Woodson raced in front of Brooks, intercepted the pass and went untouched down the sideline 37 yards for the score.

The Steelers built their lead to 13-0 on Gary Anderson's second field goal, a 39-yarder. His first, midway through the first quarter, was also 39 yards.

The Bills got on the board with a 52-yard field goal by Anderson with 6 seconds to go to take a 16-3 halftime lead.

The Bills offense snapped out of its doldrums at the start of the second half. Buffalo went 74 yards in seven plays and 3:04 and scored on a 19-yard pass from Kelly to receiver Andre Reed that made the score 16-10.

Dexter Manley, Ex-NFL Star, Held for Drugs

The Associated Press

HOUSTON — Dexter Manley, the former National Football League star who was banned from the league for violating its drug policy, has been charged with a felony possession of crack cocaine.

The police said Manley, 36, was arrested Sunday night and was released Monday after posting \$5,000 bail.

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SPORTS

Laws of the Land And the Field, Too

International Herald Tribune

London — Presumption of innocence until proven guilty is a tenet by which you and I conduct our lives. How carelessly we take it for granted.

That basic right has been taken away from Bruce Grobbelaar, the goalkeeper condemned by an English tabloid newspaper. The paper, *The Sun*, has accused Grobbelaar of the ultimate sporting crime: selling his game.

Fixing the result of soccer matches, although perhaps widespread elsewhere, has not been proven in England for 30 years. If Grobbelaar did indeed do so, he would go to prison and when he came out certainly be excommunicated sine die from sports.

If, on the other hand, his lawyers win a libel suit against *The Sun*, he will take the editors to the cleaners. He will make a great deal of money and possibly inflict on his accusers the ruin they wish on him.

It is an invidious choice. Frankly, I hope members of my own profession are shown to be at fault rather than have a goalkeeper whose flamboyance and fame reaches out to adults and to children be shown to have corrupted his game.

The Sun is not judge and jury in Britain. England's Football Association, after studying seven hours of videotape that the paper says is the basis of its story, reacted properly on Monday.

It found grounds for suspicion, a case to answer. But, on the principle that a man is entitled to explain and defend his actions, the FA did not accede to the tabloid's demands that Grobbelaar be prevented from ever playing again.

He is free to play in the goal for Southampton against Arsenal on Saturday, free to perform unless a crime is proven.

Perhaps *The Sun* forgot this principle. It seems to have set a trap for Grobbelaar, who was secretly filmed, and hung him metaphorically from the nearest goal frame. The paper's source, Chris Vincent, a Zimbabwean like Grobbelaar, will have many questions to answer should the case come to court.

Vincent was a captain, Grobbelaar a private, in the Rhodesian Army that 20 years ago fought terrorists. More recently, the pair became business partners in a failed safari-park lodge venture, and, according to accounts emerging from Harare and elsewhere, Vincent has a stream of debts and broken deals behind him.

Grobbelaar and his lawyers insist that, come the judgment day, they will turn the tables against Vincent, *The Sun* and others who presumed Grobbelaar guilty by the printed word.

Their first step must be to answer the FA on two charges: "conduct which is improper or which is liable to bring the game into disrepute," and "acceptance of consideration with a view to influencing the result of a match."

The police, and no doubt tax officials, are also investigating. Meanwhile, Grobbelaar, dubbed the clown prince of soccer because of his eccentric habits, plays on for Southampton. The club accepts that "the circus will come to town" but has faith in Grobbelaar to hold himself together, body and spirit.

He probably will. For Grobbelaar, born in South Africa but a Zimbabwean by upbringing and choice, performed in the media circus when Zimbabwe beat Zaire, 2-1, on Sunday in a sold-out African Nations' Cup contest.

His supporters included Zimbabwe's president, Robert Mugabe. They included his wife, Debbie, and his two young daughters, a show of family unity in the face of further tabloid accusations — from *The Sun's* sister paper, *The News of the World*, that Grobbelaar had availed himself of groupies.

The second alleged scandal tested the relationship of Bruce and Debbie more than anything else, said a lawyer accompanying Grobbelaar to Harare. "But they will not be diverted, they are determined to continue together to establish his innocence."

The gravest allegation against Grobbelaar is that he received \$40,000 (\$64,000) from a Far East betting syndicate to lose a match 3-0 while he was keeping goal for Liverpool at Newcastle last November.

Liverpool lost by that score. Grobbelaar was beaten three times by Andy Cole, the most predatory of English strikers, each time from six paces or less. Each time, inept defenders had allowed the Newcastle forward into positions from which he could hardly miss.

No goalkeeper I have ever seen, not even the almost incomparably agile Grobbelaar, could have prevented those shots. They came in the first half hour, after which Grobbelaar would have had to be a wizard to insure that Newcastle did not increase the score or to influence his own forwards, who missed easy chances at the other end.

Since there is no accusation that anyone acted in collusion with Grobbelaar, it seems, to put it mildly, a far-fetched scenario.

The Sun story was given unfortunate credence by Peter Velapand, a FIFIA administrator who is general secretary of the Asian soccer confederation. He confirmed that soccer was in moral decline in his part of the world and suggested that the Grobbelaar case "may be only the tip of the iceberg."

But the case is unproven. Why, it might then be asked, did Grobbelaar allegedly boast to Vincent, at the meetings that were clandestinely taped, that he threw matches and would throw them again? What about the charge that he accepted £2,000 from Vincent as an alleged down-payment for a future prize?

Who knows? It could be that Grobbelaar, who lives his life as well as his game on the high wire, boasted the way men brag about fish they never caught or women they never conquered. Or, as Grobbelaar used to boast, about wild snakes they had hypnotized.

Or perhaps, having shared a business disaster with Vincent, he took his former pal for a fool who could easily be parted from his money.

While we wait, Grobbelaar intends to face the bedlam and the action without a mask fitted by a surgeon to protect his broken nose.

"I won't wear it," said Grobbelaar. "I don't want to hide behind a mask. If they want to see me, I'm right here."

Rob Hughes is on the staff of *The Times*.

1



Sergei Bruguera slamming a return to Michael Chang en route to his victory on Tuesday.

As Tennis Season Ends, Spain Is Riding High

By Christopher Clarey
Special to the Herald Tribune

FRANKFURT — The year of Spain in broad terms was 1992, with the Olympics in Barcelona, the World Exposition in Seville and enough cultural fallout to fill a satellite's calendar for a lifetime.

But the year of Spain in tennis is now. Of the eight Grand Slam singles titles, Spanish women and men won four in 1994. That's the sort of excellence historically reserved for nations like the United States, Australia and, in more recent years, Germany.

As the denouement of the season plays out in New York and Frankfurt, Spain has the world's second- and third-ranked women in Arantxa Sánchez Vicario and Conchita Martínez. It also has two men in the year-end top 10 for the first time since the ATP started computer ranking in 1973.

Although neither No. 3 Sergi Bruguera nor No. 7 Alberto Berasategui is expected to head back to Barcelona with the \$1.315 million winner's check after this week's eight-man ATP Tour World Championship, their presence here is an exclamation point on a season without precedent.

"For a small country, a small country that plays most of its tennis on clay courts, having two players in this tournament is pretty amazing," said Bruguera.

Even if Bruguera's success is largely a product of his relationship with his father/coach, Luis, it is Spain's remarkable depth that quickly stilles all talk of coincidence.

"If you ask me whether we will win four of eight Grand Slams every year, I will have to say very nicely no," said Juan Margés, president of the Royal Spanish Tennis Federation's professional committee. "But on the other hand, what is a dream for me, especially for the men, is that in the last six or seven years we have had consistency by getting large numbers of players in the top 100. There is no secret that it is partly related to money."

Much of that money became available in the years leading up to the Barcelona Olympics. It came from the regional and national governments and from private-sector sponsors, such as the Spanish company Bimbo, which sponsored a group of five promising young players and their coaches, including Orantes and Javier Duarte, beginning in the late '70s.

"To tell you the truth, I really can't explain how Arantxa and I happened to come along at the same time," said Martínez, who was born four months after Sánchez Vicario, in April 1972.

"Coincidence" might indeed be an appropriate term in this case, but there are some trends that bear underlining. Sports under Franco were a male affair, and in this Roman Catholic and deeply conservative country, women have only recently begun to break out of traditional roles.

"What happened in the United States 30 years ago with sex roles did not happen until much later in Spain," Margés said. "In the late '70s and early '80s, women tennis players didn't come near having a professional attitude."

But unlike men's tennis, women's tennis is desperately lacking in depth. After Sánchez Vicario, who won the French and U.S. Opens this year, and Martínez, who stunned grass-court aficionados by winning Wimbledon, the next highest ranked Spanish woman is Angeles Montolio at No. 107.

Halard Stuns Sánchez Vicario in Slims

Compiled by Our Staff From Dispatches

NEW YORK — The best year of Arantxa Sánchez Vicario's career came to an abrupt end when she was ambushed in the first round of the Virginia Slims Championships by Julie Halard of France.

The often inconsistent Halard, ranked 22nd in the world, played the match of her life Monday night to stun Sánchez Vicario in a third-set tie-breaker, 6-2, 1-6, 7-6 (7-2).

The upset created a golden opportunity for Martina Navratilova, who was to play Gabriela Sabatini on Tuesday night and was seeded face the No. 2-ranked Sánchez Vicario in the second round.

In the evening's first match, Kimiko Date of Japan, a newcomer to the Championships, fell behind 3-2, then embarked on a 10-game rampage to oust 19th-ranked Sabine Hack, 6-2, 6-0.

For Halard, the pivotal point in the tiebreaker came at 2-2 with her serving. A backhand approach by Halard was called long by the linesman, but the umpire overruled the call and ordered the point re-

played. Halard then served an ace for 3-2.

That was followed by one of the finest points of the match. Halard charged in to scoop up a drop shot with a backhand, Sánchez Vicario drilled a forehand cross-court, and Halard lunged for a forehand volley winner.

An error by Sánchez Vicario on the next point made it 5-2, and Halard served out the match with the help of two more weak shots by Sánchez Vicario, the last a forehand return dumped into the net.

Said Halard: "It's the best match I ever did; I did everything I can. I had a great beginning, and in the second set I couldn't breathe, I couldn't go anymore, but in the third I started again to do everything."

Sánchez Vicario not only came into this event with a WTA Tour-leading eight titles for 1994, but she also had a four-tournament winning streak and was undefeated in her last 21 matches.

Since losing the 1993 final to Steffi Graf, the world No. 1, Sánchez Vicario became the only player this year to claim two

Grand Slam titles, with victories at the French and U.S. Opens.

The 22-year-old Spaniard would have become the first women's player to earn more than \$3 million in a single year by reaching the final on Sunday. She would not have passed Steffi Graf in the rankings even had she performed up to predictions and captured this year-ending event. But she said she never considered herself immune to defeat.

"I'm not a machine," she said. "I'm a human being. You can never win everything. I was not negative at all; she played better than I did. She took more risks, and if you don't go for it in these circumstances, you can lose the match."

In the doubles, the retirement-bound Navratilova safely opened her last stand at Madison Square Garden alongside her partner, Manon Bollegraf, with a 6-2, 6-3 victory against the unseeded duo of Jill Hetherington and Shann Stafford.

(Reuters, AP, NYT)

SCOREBOARD

		N.F.L.		N.B.A.		N.H.L.		N.P.L.		N.W.H.L.		N.W.H.L.	
		W	L	T	Pct.	PP	PA	W	L	T	Pct.	PP	PA
AMERICAN CONFERENCE													
East	W	3	0	0	.750	200	171	220	0	0	.000	—	
Atlanta	W	7	3	0	.667	200	229	279	0	0	.000	—	
Baltimore	W	5	3	0	.583	200	216	231	0	0	.000	—	
Buffalo	W	5	3	0	.583	200	216	231	0	0	.000	—	
Cincinnati	W	4	6	0	.400	216	223	233	0	0	.000	—	
Indians	W	4	6	0	.400	210	239	259	0	0	.000	—	
New England	W	4	6	0	.400	210	239	259	0	0	.000	—	
Central	W	0	0	0	.000	—	—	—	0	0	.000	—	
Cleveland	W	8	2	0	.800	219	118	218	0	0	.000	—	
Houston	W	7	3	0	.667	200	226	244	0	0	.000	—	
Minnesota	W	7	3	0	.667	200	224	244	0	0	.000	—	
Philadelphia	W	6	4	0	.583	200	222	242	0	0	.000	—	
St. Louis	W	6	4	0	.583	200	222	242	0	0	.000	—	
Seattle	W	3	7	0	.300	200	222	251	0	0	.000	—	
Washington	W	8	2	0	.800	200	226	244	0	0	.000	—	
NATIONAL CONFERENCE													
East	W	1	0	0	.000	—	—	—	0	0	.000	—	
Cleveland	W	5	4	0	.563	200	222	244	0	0	.000	—	
Kansas City	W	4	5	0	.444	200	222	244	0	0	.000	—	
Kansas City	W	5	4	0	.563	200	222	244	0	0	.000	—	
Los Angeles	W	5											

Leonardo Manuscript To Spend a Year in Italy

Italy lost out in the bidding, but Italians will still get to admire a Leonardo da Vinci manuscript bought at auction for a record \$30.8 million. Cariplo, the Milan-based bank that was outbid by Bill Gates in the auction at Christie's in New York, said Tuesday that Gates will loan the manuscript to the bank for a full year. The 72-page manuscript, compiled between 1508 and 1510, has been out of Italy for centuries.

Charles McGrath, deputy editor of *The New Yorker*, will succeed **Rebecca Pepper Siskler** as editor of *The New York Times Book Review*. He takes over in March.

Ricki Lake, host of the syndicated *Ricki Lake Show*, spent the night in jail after she and 15 other anti-fur protesters stormed the New York offices of Karl Lagerfeld. The members of People for the Ethical Treatment of Animals put anti-fur stickers on the walls, clothing and handbags, the police said. Lake and several others handcuffed themselves together and refused to leave. The protesters were charged with third-degree burglary and second-degree criminal mischief.

Retired General Colin L. Powell, 57, will be given two honors next month in Jamaica: the government's Order of Jamaica, its equivalent of knighthood, and an honorary doctorate degree in law from the University of the West Indies.

Princess Diana, stepping up her charity work after a year of self-imposed semi-retirement, visited a hospital for Scotland's most violent mental patients in Strathclyde on Tuesday. She met some of the patients during a private visit, a spokesman for the State Hospital said.

OBSERVER**Bring on the Feathers**

By Russell Baker

WASHINGTON — Recent lunatic attacks on the White House had the president's Secret Service guards in an unusually keen state of alert. The public knew it, so hesitated to tar and feather the president and ride him out of the White House on a rail.

Still, it was a close thing. Americans had never been so angry, at least in the past five years, which was as far back as anyone could remember.

Scientifically sampled Americans said things like, "I am so mad I could spit, and would if the country hadn't been sold the elated idea that spitting is even lower-class than smoking."

President Clinton, ever eager to please, tried to reorganize his staff after Speaker Newt Gingrich denounced the White House as a group of "left-wing elitists." To gratify the speaker's apparent preference for right-wing slobbs, the president said he would replace Leon Panetta, his chief of staff, with Beavis and Butt-Head.

This led to the infamous "unreal people" affair after a reporter asked George Stephanopoulos how the White House could be run "by two people who aren't real."

For years thereafter Stephanopoulos always denied that he had replied, "If a whole Congress can be run by unreal people, the White House should be a cinch."

Naturally such congressional leaders as Speaker Gingrich and Strom Thurmond, Alfonse D'Amato and Jess Helms were not amused by hearing their reality questioned. Instead of calling news conferences to deny that they were unreal, they used their power to demonstrate their existence, if not their reality.

Gingrich immediately passed a law abolishing several cabinet agencies to get government off the people's back, while Senator Helms of the Foreign Relations

Committee forced the State Department to declare North Carolina eligible for foreign aid.

Senator D'Amato broadened his famous Whitewater investigation to search the Clinton and Rodham family trees back through five generations with full disclosure of all financial transactions of the 1,936 Clinton-Rodham forebears. Though most were deceased, D'Amato said he sought to detect, expose a financial-finagling gene potentially ruinous to the Republic.

Trying as usual to please everybody, President Clinton removed Stephanopoulos from the White House and put him in charge of the National Endowments for the Arts and the Humanities, which were merged and given a single mission.

This, said the president, would be to revive and spread the practice of the ancient American art of tarring, feathering and riding on a rail.

The Endowments' job: to make adequate supplies of feathers readily accessible without frustrating delay to all Americans in high dudgeon. Also to make tar supplies easily available as well as tar-heating equipment for liquifying it and fence rails suitable for riding.

Gingrich's response was to order the White House blown up during a presidential absence. Its destruction, he explained, was an essential part of the process of minimizing government, which had become the problem at the root of the nation's difficulties.

It was purely out of humanitarian impulse, he said, that the building was destroyed while the president was away, and not, as cynics speculated, because Republicans feared what might happen if they did not have Clinton to run against another day.

New York Times Service

Mahfouz Caught in Middle of Egypt's StrifeBy Chris Hedges
New York Times Service

Cairo — Naguib Mahfouz, a Nobel Prize-winning author, has been dragged from his hospital bed into a debate about religion, freedom of expression and the interpretation of a novel he wrote that was banned in Egypt for 35 years.

The ailing 82-year-old author, a critic of the government of President Hosni Mubarak as well as of the Islamic movement vying for power in Egypt, was stabbed in the neck by an Islamic militant outside his home on Oct. 14.

His health remains precarious, and his wife and two daughters have prohibited interviews and asked friends to limit their visits.

"The attack has been horrible for him, psychologically and physically," said Tawfiq Saleh, a friend. "He is very bad, like a flower starting to wither. Every day finds him weaker."

Shortly after the attack, Minister of Information Saifawi Sherif appeared at Mahfouz's bed in the intensive care unit. The minister, with state-run television in tow, declared the author the conscience of the Arab world.

Sherif said that the government did not support a ban on any of his works, thus abruptly ending the prohibition on "The Children of Gebelawi." Officials at Al Azhar University, Egypt's highest religious authority, had denounced the work, written in 1959, as heretical. The novel appeared in installments in Al Ahram, the government daily in 1959, but was never published or sold again in Egypt until last week.

Mahfouz always accepted the ban with equanimity, saying that although his critics had misinterpreted the book, Egypt had "more important things facing its society" than whether "Children of Gebelawi" should be sold.

After the announcement by the minister, and a rush by newspapers to serialize the work, he asked that publication "come at a later time."

This issue is diverting attention from a crime against my life to whether this novel is, or is not, against religion," Mahfouz said. "If someone has a preconception that I have written a book against religion, this preconcep-



Agence France-Presse

The Nobel Prize-winning author Naguib Mahfouz before he was hospitalized in a stabbing attack.

tion will influence how they interpret the book."

But his request was ignored. And Mahfouz has found himself an unwitting ally in the latest government campaign against the Islamic militants.

The novel describes the complex relationship that a group of Cairo slum dwellers have with God. It is filled with allegorical characters who resemble figures from the Bible and the Koran.

Religious authorities said it contained a representation of the prophet Mohammed as a fallible man who had simple ideas and was a philanthropist. Mahfouz was also widely criticized by Islamic militants when he supported the 1979 peace accord that President Anwar Sadat signed with Israel.

Many of his works were banned for several years in other Arab countries.

He again ran afoul of the militants when he criticized the death warrant issued by Ayatollah Ruhollah Khomeini of Iran against the British author Salman Rushdie, although Mahfouz said he had not read the Rushdie novel that provoked the threat, "The Satanic Verses."

The reissue of Mahfouz's book is expected to deepen his problems with the militants. And Mohammed Salmawi, a close friend of the author,

said he considered the publication a second assassination attempt."

Sheikh Omar Abdel Rahman, the blind cleric currently in prison in the United States, accused of involvement in a plot to blow up several buildings in New York and assassinate political leaders, issued a religious edict in 1989 that called Mahfouz and Rushdie heretics. Militants said at the time that they would kill Mahfouz on the anniversary of his receiving the Nobel Prize, which, like the recent attack, took place in October.

"Islamic law calls on these people to repent," Sheikh Abdel Rahman said. "And if they do not, they will be killed. If this sentence had been passed on Naguib Mahfouz when he wrote 'Children of Gebelawi,' Salman Rushdie would have realized that he had to stay within certain bounds."

Underground cassette tapes distributed by other radical clerics, and easily available in Cairo, also attack Mahfouz and other Egyptian writers and poets, as proponents of a foreign ideology that seeks to destroy Islam. Mahfouz's half-century of work, rich in detail, usually portrays life in the teeming working-class neighborhoods in Cairo. His picture of the city has been compared to Dickens's London or Zola's Paris.

His masterpiece, "The Cairo Trilogy," follows the fortunes of the Abdel-Gawad family over 27 years and both world wars. The work was written between 1945 and 1957.

The author has published nearly 40 novels and a dozen collections of stories.

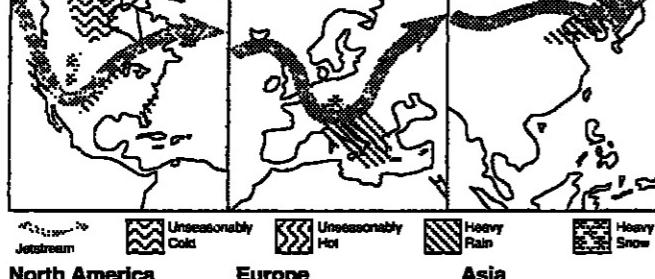
A diabetic who suffers from failing eyesight and poor hearing, he seldom leaves Cairo and lives in a modest apartment with his wife and two daughters. He has repeatedly refused offers of police protection, despite the death threats.

The government has been running numerous movies and programs based on his novels and short stories on television, as well as old interviews and documentaries about his life and work. His condition is reported in the daily news bulletins.

"Naguib and his book are being used in the government's battle against Islamic militants," Saleh said. "Government ministers have walked into the intensive care unit, and his hospital room, with cameras and lights to film themselves with him. One day they delayed his meal for an hour because someone from Egyptian television had arrived to take some more pictures. He was furious."

WEATHER

Forecast for Thursday through Saturday, as provided by Accu-Weather.

**Asia**

	Today	High	Low	W	Tomorrow	High	Low	W	Tomorrow
Algeria	22/73	23/85	19/65	+	22/71	23/84	19/64	+	22/73
Amsterdam	11/52	8/46	4/35	+	10/50	2/35	0/25	+	10/50
Antwerp	13/55	4/29	13/55	+	13/55	4/29	13/55	+	13/55
Barcelona	21/70	12/63	18/64	+	21/70	12/63	18/64	+	21/70
Bangkok	11/59	5/41	11/59	+	11/59	5/41	11/59	+	11/59
Baku	24/51	12/45	24/51	+	24/51	12/45	24/51	+	24/51
Brussels	12/53	9/48	12/53	+	12/53	9/48	12/53	+	12/53
Budapest	7/44	4/39	7/44	+	7/44	4/39	7/44	+	7/44
Copenhagen	14/65	8/49	14/65	+	14/65	8/49	14/65	+	14/65
Costa Del Sol	24/73	13/56	24/73	+	24/73	13/56	24/73	+	24/73
Dublin	13/55	8/49	13/55	+	13/55	8/49	13/55	+	13/55
Florence	15/50	8/46	15/50	+	15/50	8/46	15/50	+	15/50
Frankfurt	8/46	6/43	8/46	+	8/46	6/43	8/46	+	8/46
Geneva	12/53	3/27	12/53	+	12/53	3/27	12/53	+	12/53
Helsinki	16/61	10/50	16/61	+	16/61	10/50	16/61	+	16/61
Istanbul	10/57	1/51	10/57	+	10/57	1/51	10/57	+	10/57
Las Palmas	27/85	18/70	27/85	+	27/85	18/70	27/85	+	27/85
London	12/55	8/49	12/55	+	12/55	8/49	12/55	+	12/55
Madrid	18/64	3/27	18/64	+	18/64	3/27	18/64	+	18/64
Milan	15/55	8/49	15/55	+	15/55	8/49	15/55	+	15/55
Moscow	0/26	-2/29	0/26	+	0/26	-2/29	0/26	+	0/26
Nicosia	12/53	3/27	12/53	+	12/53	3/27	12/53	+	12/53
Paris	13/55	8/49	13/55	+	13/55	8/49	13/55	+	13/55
Prague	6/43	2/27	6/43	+	6/43	2/27	6/43	+	6/43
Rome	3/27	0/21	3/27	+	3/27	0/21	3/27	+	3/27
St. Petersburg	1/24	-1/21	1/24	+	1/24	-1/21	1/24	+	1/24
Stockholm	3/27	1/21	3/27	+	3/27	1/21	3/27	+	3/27
Tbilisi	3/27	0/21	3/27	+	3/27	0/21	3/27	+	3/27
Venice	3/27	0/21	3/27	+	3/27	0/21	3/27	+	3/27
Vienna	14/57	8/49	14/57	+	14/57	8/49	14/57	+	14/57
Warsaw	6/43	3/27	6/43	+	6/43	3/27	6/43	+	6/43
Zurich	8/46	4/29	8/46	+	8/46	4/29	8/46	+	8/46

	Today	High	Low	W	Tomorrow	High	Low	W	Tomorrow

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